BANK OF AMERICA

Bank of America Europe Designated Activity Company

Pillar 3 Remuneration Disclosure

Performance Year Ended 31 December 2020

Introduction

The following remuneration disclosure sets forth a summary of the remuneration principles and programmes executed by Bank of America Europe Designated Activity Company (“BofA Europe”), including its branches, as at 31 December 2020. Additionally, the disclosure sets forth information regarding the remuneration of staff identified as Material Risk Takers (“MRTs”) for BofA Europe, taking into account the qualitative and quantitative criteria to identify categories of staff whose professional activities may have a material impact on an institution’s risk profile contained in Commission Delegated Regulation (EU) No 604/2014.

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

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

BofA Europe is in the process of reviewing its remuneration policies, including its approach to Material Risk Taker identification, in light of the amendments made to the Capital Requirements Directive 2013/36/EU (“CRD IV”) by Directive (EU) 2019/878 (“CRD V”), for performance year 2021.

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

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

Bank of America therefore designs and governs its remuneration programmes on a global basis so that its programmes are consistent with Bank of America’s Global Compensation Principles as described in Bank of America’s Compensation Governance Policy (“CGP”) and sound risk management practices as well as compliant with applicable laws and regulations. The CHCC has adopted and annually reviews (most recently in September 2020) the CGP to govern incentive remuneration decisions and define the framework for design oversight of incentive remuneration programmes across Bank of America, including BofA Europe. The CGP is designed to be consistent with global regulatory initiatives so that Bank of America's incentive remuneration plans do not encourage excessive risk-taking.

In order to provide an appropriate balance of risk and reward, incentive remuneration plans are developed in accordance with Bank of America's Global Compensation Principles, which are applicable to all entities including BofA Europe. These Compensation Principles are referred to within the BofA Europe RPS which governs the remuneration processes and practices of BofA Europe:

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

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

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

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

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

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

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

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

The role of the BofA Europe RemCo, in accordance with Paragraphs 51 and 52 of the EBA Guidelines on Sound Remuneration Policies and Regulation 83 of S.I. 158/2014, amongst other matters, is to assist the Board of BofA Europe in fulfilling its oversight responsibility relating to the development and implementation of BofA Europe's remuneration policies and practices, as reflected in the BofA Europe

RPS. The BofA Europe RemCo is responsible for the governance of remuneration decisions for BofA Europe employees in accordance with the BofA Europe RemCo Charter. The BofA Europe RemCo collaborates with other committees of the Board of BofA Europe, as well as the CHCC.

The BofA Europe RemCo is charged with oversight of the development and implementation of BofA Europe's remuneration policies and practices. The BofA Europe RPS sets forth the overall approach to the execution of BofA Europe's remuneration philosophy and the operation of its remuneration programmes, including BofA Europe's approach to complying with the remuneration requirements applicable to BofA Europe and its branches. In accordance with Article 92.2(c) of CRD IV, the RPS may be updated periodically and as required to reflect changes with BofA Europe's remuneration processes and practices and/or changes with remuneration regulation. The BofA Europe RemCo will at least annually review, and recommend to the BofA Europe Board for approval, the BofA Europe RPS, and may make amendments more frequently as necessary.

BofA Europe benefits from being part of Bank of America's global remuneration governance framework by aligning its RPS with the CGP, which provides dual oversight of remuneration processes and practices within BofA Europe. The BofA Europe RemCo has a direct connection and open flow of communication with the CHCC, allowing any escalation of concerns and changes required relating to the operation of Bank of America's remuneration system for BofA Europe.

During performance year 2020, the BofA Europe RemCo held five (5) meetings.

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

As part of its global governance routine, the CHCC meets with the heads of Bank of America's independent control functions (including the Chief Risk Officer ("CRO")) and lines of business to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, Bank of America's CRO also certifies all incentive plans across Bank of America as part of the MCC's governance process. The BofA Europe RemCo considers risk and conduct matters as relevant and appropriate through the performance year, and interacts with the BofA Europe CEO and other local Board committees, including the BofA Europe Risk Committee, regarding the operation of Bank of America's remuneration system as applicable to BofA Europe. In line with Article 92.2(d) of CRD IV, BofA Europe Corporate Audit performs an annual review of BofA Europe's remuneration processes. The scope of each annual audit is determined by applicable regulatory requirements for audit coverage as well as assessment of potential areas of key risk within the remuneration processes.

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

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

The Link between Pay and Performance

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

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

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

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

Risk Management and Incentive Plans

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

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

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

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

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

When determining variable remuneration, BofA Europe considers the impact of variable remuneration on the maintenance of a sound capital base together with the impact on liquidity and where appropriate the likelihood and timing of earnings. The Bank complies with local regulatory requirements to monitor and maintain sufficient capital and liquidity ratios and continues to monitor the regulatory requirements in this area, including in the context of the COVID-19 pandemic. The BofA Europe capital planning process is designed to assess BofA Europe's risk profile with regard to external and internal requirements. The approach also applies an appropriate stress test to assess the impact on internal capital demand and supply and liquidity. For 2020, the baseline and stress scenarios consider the impact of COVID-19 on the Bank.

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

Employee Pay

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

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

Bank of America (inclusive of BofA Europe) continually evaluates and enhances its compensation, benefits and resource offerings to employees and their families. In response to the COVID-19 pandemic, a number of ameliorations were made to employee benefits to support our employees and their families. These changes included, but were not limited to, supplemental healthcare, additional emotional wellness support and enhanced childcare support.

Equity-based awards are the simplest, most direct way to align employee interests with those of its stockholders. This serves two key objectives, which are to focus employees on long-term sustainable results and to subject remuneration awards to risk over an appropriate time horizon that can be easily communicated and understood. For individuals receiving variable compensation above the value of an internally defined threshold, a portion of incentive awards is provided as a deferred incentive that, for performance year 2020, generally becomes earned and payable over a period of four years after grant, increasing to longer periods for certain MRTs to reflect local regulatory requirements as described below. Deferred incentives will be cancelled in case of detrimental conduct and, where applicable, may also be cancelled if Bank of America, line of business or business unit (as applicable) fails to remain profitable during the vesting period.

BofA Europe offers guaranteed incentive awards only in exceptional circumstances to new hires, limited to the first year of employment. Where required, BofA Europe may offer and structure retention awards or severance payments in accordance with relevant employment law and/or regulatory requirements. Additionally, variable pay may be awarded to employees of BofA Europe as part of special remuneration programmes introduced by Bank of America from time to time. All remuneration programmes are designed to be compliant with relevant remuneration regulation locally and globally.

Material Risk Taker Pay

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

BofA Europe MRTs are subject to the remuneration requirements provided in CRD IV and related guidance as applicable. In accordance with Article 94(1)(g) of CRD IV, BofA Europe has obtained approvals from the relevant shareholder to increase the maximum ratio of variable compensation to fixed compensation to 200% for each individual. Most recently, this was passed unanimously by the relevant group holding company in December 2019. Equivalent approvals have been obtained for Bank of America subsidiaries in other European jurisdictions as applicable.

Variable remuneration for BofA Europe MRTs is structured per the requirements outlined in CRD IV and the EBA Guidelines and generally consists of a mixture of upfront (delivered in cash or restricted stock units ("RSUs")) and deferred payments. The equity-based component is a minimum of 50% of variable remuneration, made up of deferred and immediately vested remuneration. Deferred awards are delivered in the form of equity-based awards, typically in the form of RSUs which for performance year 2020, become earned and payable over a period of four or five years after grant (as appropriate) and will be at least 40% or 60% of the total incentive award (as required). Variable remuneration delivered in immediately vested or deferred equity-based awards for BofA Europe MRTs is subject to an appropriate holding period after vesting, which generally will be one year. Deferred awards do not carry dividends or dividend equivalents during the deferral period, as required under relevant regulations.

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

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

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

The recommendations for performance year 2020 incentive awards for MRTs were reviewed by the BofA Europe RemCo and the CHCC in January 2021.

Disclosure Tables

This section contains the aggregated quantitative information required under paragraphs (g) to (i) of Article 450(1) of the CRR and related guidance as set out in the EBA Guidelines, in relation to performance year 2020, as applicable to employees and MRTs of BofA Europe and its branches which captures employees in Belgium, France, Germany, Greece, Ireland, Italy, the Netherlands, Spain, Sweden, Switzerland and the UK[1].

All remuneration data is shown in EUR 000s[2].

2020 Total Remuneration

	All Employees
Number of Staff[3]	2,452
Total remuneration	393,634
Fixed remuneration[4]	294,728
Variable remuneration[5]	98,906

	Senior Management			Other MRTs		
	Supervisory Function[6]	Management Function[7]	Other[8]	Global Banking & Markets	Independent Control Functions	Corporate Functions
Number of beneficiaries[9]	7	2	12	119	30	7
Total remuneration[10]	641	11,126	12,507	100,202	12,824	3,224
Fixed remuneration[4,10]	641	5,553	7,408	56,019	7,533	1,912
Variable remuneration[5,10]	-	5,573	5,099	44,183	5,291	1,312
Upfront cash	-	-	1,382	5,025	1,246	385
Upfront equity-based awards	-	998	532	4,884	1,360	380
Deferred equity-based awards	-	4,575	3,185	34,274	2,685	547

Deferred Remuneration[11]

	Senior Management			Other MRTs		
	Supervisory Function	Management Function	Other	Global Banking & Markets	Independent Control Functions	Corporate Functions
Outstanding at 1 Jan 2020	-	22,455	13,944	73,903	5,728	1,534
Awarded in 2020	-	7,104	4,711	35,294	4,098	706
Vested, paid in 2020	-	6,817	3,667	22,519	2,203	556
Performance adjustment reductions in 2020	-	-	-	-	-	-
Outstanding at 31 Dec 2020	-	22,742	14,988	85,229	7,623	1,684
Vested outstanding	-	1,159	434	8,912	594	120
Unvested outstanding	-	21,583	14,554	76,317	7,029	1,564
Awarded in Feb 2021	-	3,492	3,325	38,130	2,368	591

Sign On and Severance Payments[12]

	Senior Management			Other MRTs		
	Supervisory Function	Management Function	Other	Global Banking & Markets	Independent Control Functions	Corporate Functions
Total sign on payments	-	-	-	-	-	-
Number of beneficiaries	-	-	-	-	-	-
Total severance payments	-	-	1,015	94	-	-
Number of beneficiaries	-	-	1	1	-	-
Awarded and paid in 2020	-	-	1,015	94	-	-
Awarded and unpaid in 2020	-	-	-	-	-	-

2020 Total Remuneration[4,5,10] Above EUR 1 million

Total Remuneration Range	Number of MRTs
EUR 1 million to EUR 1.5 million	15
EUR 1.5 million to EUR 2 million	14
EUR 2 million to EUR 2.5 million	4
EUR 2.5 million to EUR 3 million	0
EUR 3 million to EUR 3.5 million	3
EUR 3.5 million to EUR 4 million	2
EUR 4 million to EUR 4.5 million	0
EUR 4.5 million to EUR 5 million	0
EUR 5 million to EUR 6 million	0
EUR 6 million to EUR 7 million	0
EUR 7 million to EUR 8 million	0
EUR 8 million to EUR 9 million	0
EUR 9 million to EUR 10 million	1

Notes

1. The BofA Europe MRT population includes staff of BofA Europe (inclusive of its branches) as well as staff of other European entities whose professional activities have been identified as potentially having a material impact on the risk profile of BofA Europe's operations. BofA Europe MRTs may also be MRTs of other European entities and could therefore additionally be reflected in relevant regulatory reportings for these entities. Year-over-year changes to the BofA Europe MRT population reflect employee movement and role/responsibility changes.
2. EUR:USD FX Rate 1.1260309.
3. Comprises permanent and fixed-term employees, as well as Non-Executive Directors, of BofA Europe as at 31 December 2020.
4. Comprises base salaries, fixed allowances and estimated pensions, benefits and on-going international mobility-related allowances, as relevant. Separately, incremental tax costs were met on behalf of certain MRTs, reflecting the higher tax rates applicable as a result of these MRTs being on an expatriate assignment in a different country - the costs incurred in 2020, based on estimated tax positions (and which may include tax costs relating to remuneration awarded in previous years), were EUR 919k in aggregate, and the inclusion of these costs would not result in changes to any MRT total remuneration range. These estimated tax costs will only be fully reconciled once relevant tax returns have been filed. No fixed remuneration is paid as equity-based awards or other instruments.
5. Variable remuneration in respect of performance year 2020. Comprises upfront awards (cash and equity-based awards) and deferred equity-based awards. Remuneration is included on a basis consistent with values used in complying with the maximum permitted ratio of fixed to variable pay, where applicable. Any remuneration in the form of severance awards that fall outside of paragraph 154 (a)-(c) of the EBA Guidelines is counted for the purposes of such ratio, where applicable.
6. Comprises Non-Executive Directors of the BofA Europe Board.
7. Comprises Executive Directors of the BofA Europe Board.
8. Comprises BofA Europe MRTs considered to be senior management, excluding the Management Body.
9. The number of beneficiaries refers to the number of MRTs who received the remuneration reported in the corresponding column.
10. Where applicable, for employees who are BofA Europe MRTs for part of the year, the relevant portions of performance year 2020 remuneration within the scope of this disclosure are shown.
11. All amounts of deferred remuneration, including MRT awards and awards granted in prior performance years, are shown in full, including for employees who held a BofA Europe MRT role for part of performance year 2020. Stock price for deferred remuneration value calculations: USD 33.37 as at 12 Feb 2021. All deferred remuneration is subject to performance adjustment and detrimental conduct provisions.
12. Awarded during 2020. Sign-on figures comprises guaranteed payments which are only made in exceptional circumstances to new hires and are limited to the first year of employment. Any severance awards that fall outside of paragraph 154 (a)-(c) of the EBA Guidelines are counted for the purposes of the maximum permitted ratio of fixed to variable remuneration. Highest single severance payment of EUR 1.02m.