Bank of America Merrill Lynch International Designated Activity Company

Pillar 3 Disclosure

As at 31 December 2017

Bank of America Merrill Lynch

Bank of America Merrill Lynch International Designated Activity Company – Pillar 3 Disclosures for the Year Ended 31 December 2017

Contents

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Glossary

ABS	Asset-Backed Securities
AT1	Additional Tier 1
BAC / the Enterprise	Bank of America Corporation
BAMLI DAC / the Company	Bank of America Merrill Lynch International Designated Activity Company
BAMLI DAC CRO	BAMLI DAC Chief Risk Officer
BAMLI DAC ORC	BAMLI DAC Operational Risk Committee
BAMLI Ltd	Bank of America Merrill Lynch International Limited
BANA	Bank of America, National Association
BRC	Board Risk Committee
Capital Resources	BAMLI DAC's Available Capital Resources
CBI	Central Bank of Ireland
CCR	Counterparty Credit Risk
CCYB	Countercyclical Capital Buffer
CET1	Common Equity Tier 1
CMR	Contingent Market Risk
CQS	Credit Quality Step
CRD IV	Capital Requirements Directive IV
CRM	Credit Risk Mitigation
CRR	Capital Requirements Regulations
CSA	Credit Support Annexes
CVA	Credit Valuation Adjustment
DVA	Debt Valuation Adjustment
EBA	European Banking Authority
ECAIs	External Credit Assessment Institutions
EMEA	Europe, Middle East & Asia
EMEA CRO	EMEA Chief Risk Officer
EU	European Union
Fitch	Fitch Ratings, Inc
FLU	Front Line Unit
FRS 101	Financial Reporting Standard 101 'Reduced Disclosure Framework'
FX	Foreign Exchange
GM & GB	Global Markets and Global Banking
GRM	Global Risk Management
G-SII	Global Systemically Important Institution
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
IFRS	International Financial Reporting Standards
IMMC	Identify, Measure, Monitor and Control
ISDA	International Swap Dealers Association Master Agreement
LCR	Liquidity Coverage Ratio
MLI	Merrill Lynch International
Moody’s	Moody's Investors Service, Inc
O-SII	Other Systemically Important Institution
OTC	Over the Counter
RAS	Risk Appetite Statement
Risk Framework	BAC’s Risk Governance Framework
RMC	Risk Management Committee
RSA	Risk Self-Assessment
RWAs	Risk Weighted Assets
S&P	Standard & Poor’s Financial Services LLC
SFT	Securities Financing Transaction
SPE	Special Purpose Entities
The Policy	BAMLI DAC's Pillar 3 disclosure policy
UMR	Uncleared Margin Rules
VaR	Value at Risk

1. Introduction

1.1 Overview and Purpose of Document

This document contains the Pillar 3 disclosures as at 31 December 2017 in respect of the capital and risk management of Bank of America Merrill Lynch International Designated Activity Company, ("BAMLI DAC" or the "Company"), an Irish banking organisation. All defined terms are found in the glossary.

Capital Requirements Directive IV ("CRD IV"), the European Union ("EU") legislation implementing Basel III, came into effect on 1 January 2014, mandating the quality of capital that firms are required to hold, introducing an EU wide liquidity regime and establishing leverage requirements. 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.

This document provides detail on BAMLI DAC's available capital resources ("Capital Resources") and regulatory defined Pillar 1 Minimum Capital Requirement. It demonstrates that BAMLI DAC 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 BAMLI DAC's liquidity position and information on the capital requirements in respect of the Countercyclical Capital Buffer ("CCYB").

1.1.1 BAMLI DAC

BAMLI DAC is a registered bank in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland ("CBI"). BAMLI DAC is headquartered in Dublin with a branch in London.

On 1 September 2017 the ownership of the Company, was transferred from its immediate parent BofAML EMEA Holdings 1 Limited to Bank of America, National Association ("BANA"). Subsequently, on 2 October 2017 the Company changed its name from Merrill Lynch International Bank Designated Activity Company to BAMLI DAC.

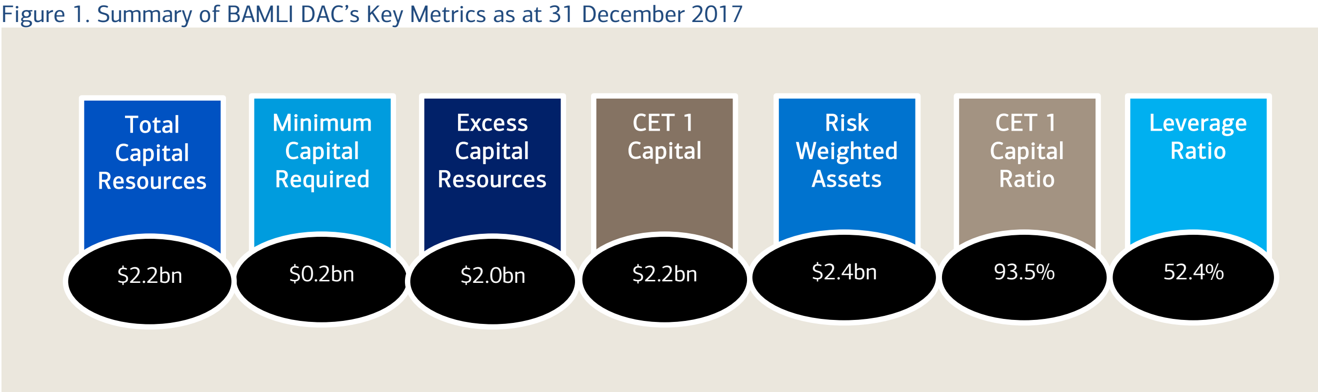
The Company is a wholly owned subsidiary of BANA and the ultimate parent of the Company continues to be Bank of America Corporation ("BAC" or "the Enterprise"). As at 31 December 2017, BAMLI DAC was rated by Fitch Ratings, Inc ("Fitch") (A / F1).

In order to ensure that it can continue to conduct business and service clients in the EU, BAC announced, in 2017, that Dublin is the preferred location for its principal EU legal entities following the UK's departure from the EU. In accordance with this strategy the BAMLI DAC Board, on 9 March 2018, approved a motion to proceed with a cross border merger (subject to shareholder, regulatory and relevant court process approval) with Bank of America Merrill Lynch International Limited ("BAMLI Ltd"), which is registered and headquartered in the UK. BAMLI Ltd, a wholly owned subsidiary of BANA, is authorised as a credit institution and regulated and supervised by the Prudential Regulation Authority and the Financial Conduct Authority. The cross border merger is expected to complete prior to the UK's exit from the EU.

1.1.2 BAMLI DAC's Capital Position at 31 December 2017

Figure 1 illustrates BAMLI DAC's key capital metrics. BAMLI DAC's Capital Resources consist of Common Equity Tier 1 ("CET1") capital and BAMLI DAC continues to maintain capital ratios and resources significantly in excess of its minimum requirement.

Figure 1. Summary of BAMLI DAC's Key Metrics as at 31 December 2017



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

1.2 Basis of Preparation

The information contained in these disclosures has been prepared in accordance with the Basel III rule framework for the purpose of explaining the basis on which BAMLI DAC have prepared and disclosed certain information about the management of risks and application of regulatory capital adequacy rules and concepts. It therefore does not constitute any form of financial statement on BAMLI DAC or of the wider Enterprise, and as such, is not required to be prepared in accordance with International Financial Reporting Standards ("IFRS") or Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). 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 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.

Figures for BAMLI DAC are presented on a solo basis. Certain comparatives have been re-presented to be consistent with current year disclosures.

This Pillar 3 disclosure is published on BAC's corporate website: http://investor.bankofamerica.com.

1.3 Disclosure Policy

In accordance with Capital Requirements Regulations ("CRR") article 431(3) and applicable guidelines, institutions are required to adopt a formal policy to comply with the disclosure requirements included in Part Eight of the CRR.

In accordance with these requirements, BAMLI DAC has developed and adopted a Pillar 3 disclosure policy ("the Policy") in respect of disclosures included in the BAMLI DAC report. The Policy is approved by the BAMLI DAC board and sets out the internal controls and procedures for disclosure of the information required under Part Eight of the CRR, including verification and frequency of the disclosures.

The key elements of the Policy are as follows:

- Policy background
- Disclosure requirements applicable to BAMLI DAC
- Disclosure frequency

- Process for production of the Pillar 3 disclosure
- Overview of the key document sections
- Review and verification of the Pillar 3 disclosure
- Roles and accountabilities of all stakeholders in the production and verification processes
- Controls and monitoring of key processes
- Governance and oversight of the Policy

In addition as required, the Policy specifies that two senior management officers will attest in writing that the Pillar 3 disclosure has been prepared in accordance with the internal control processes as detailed in the Policy.

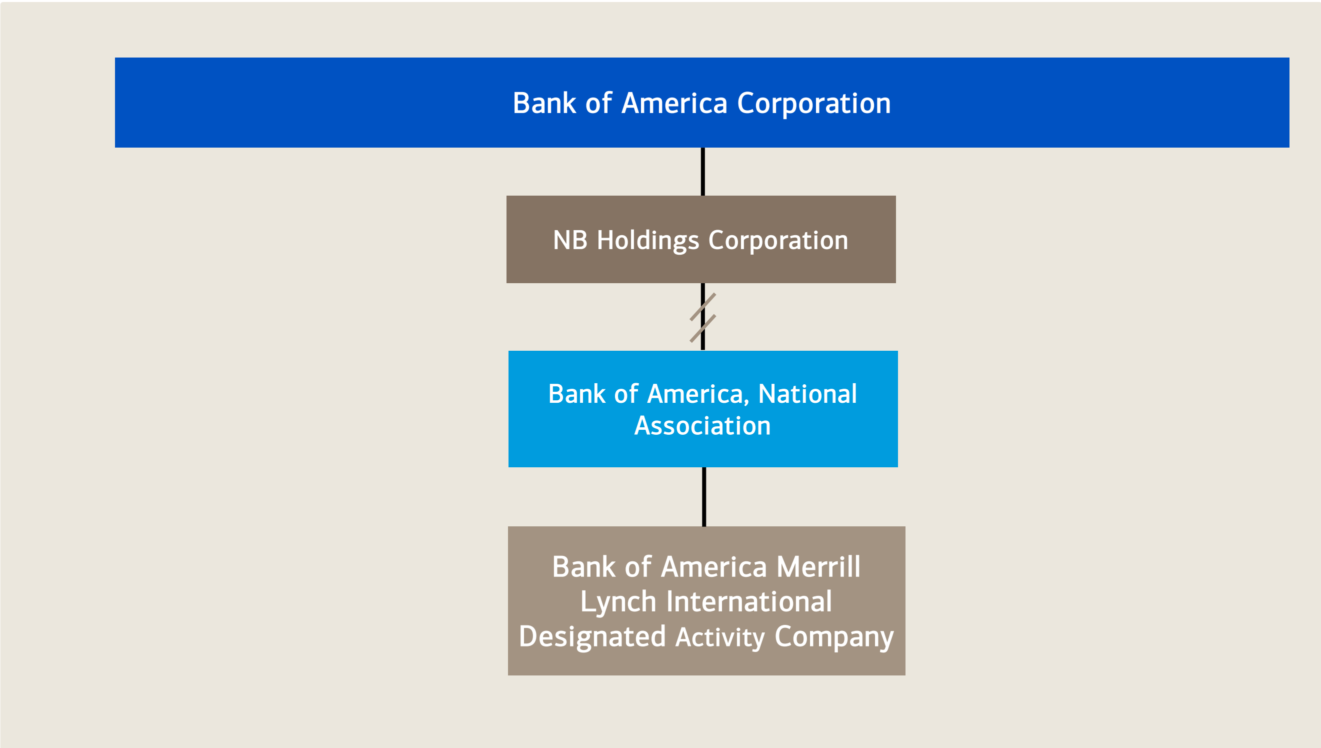
1.4 Operation, Structure and Organisation

The Company is a banking organisation that has its head office in Ireland and a branch office in London.

Pursuant to BAMLI DAC's legal entity strategy, the Company has largely de-risked itself from Global Markets and Global Banking ("GM & GB") activity and currently originates no new business.

For a full BAC organisation chart, please refer to the investor relations website at http://investor.bankofamerica.com.

Figure 2. High Level Ownership Chart



// represents indirect relationship

2. Capital Resources and Minimum Capital Requirement

2.1 Capital Resources

2.1.1 Summary of 2017 Capital Resources

Capital Resources represent the amount of regulatory capital available to an entity in order to cover all risks. Defined under CRD IV, 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.

Tier 1 capital is the only component of BAMLI DAC's Capital Resources.

BAMLI DAC's Capital Resources of $2.2bn consist of ordinary share capital and other eligible reserves (see Table 1).

2.1.2 Key Movements in 2017

Pursuant to legal entity strategy, BAMLI DAC continues to manage its tail risk and no longer originates new business.

Tier 1 Capital increased during the year due to the inclusion of current year audited earnings.

Table 1. Capital Resources

(Dollars in Millions)	2017	2016[1]
Ordinary Share Capital	32	32
Capital Contribution	59	59
Profit and Loss Account	2,148	2,138
Tier 1 Capital	**2,239**	**2,229**
Tier 2 Capital	**-**	**-**
Total Capital Resources	**2,239**	**2,229**

[1] 2016 Profit and Loss Account has been restated to include 2016 audited earnings

2.1.3 Transferability of Capital within the Group

Capital Resources, if required, 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 to applicable regulatory requirements.

2.2 Minimum Capital Requirement

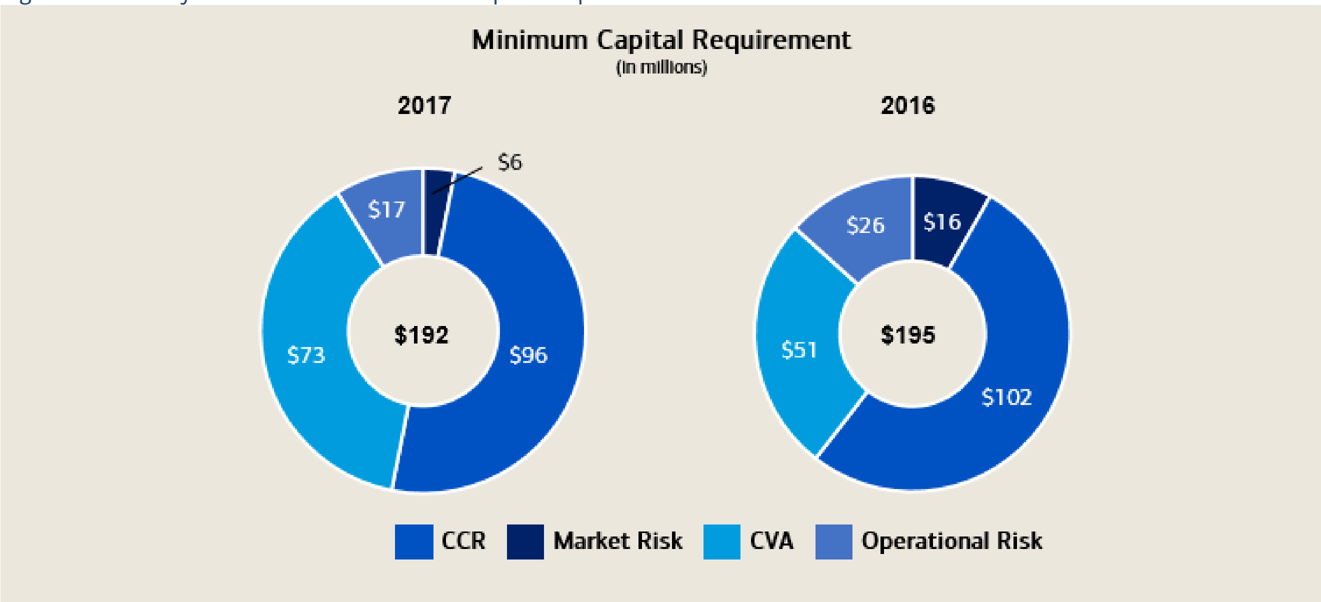
2.2.1 Summary of 2017 Capital Requirement

BAMLI DAC is subject to Minimum Capital Requirement set out in the CRR and the CBI requirements in order to meet its individual capital guidance. BAMLI DAC is required to hold capital in addition to its Minimum Capital Requirement to meet its CRD IV buffers and local CBI obligations.

The Minimum Capital Requirement principally comprises of Credit Risk and Operational Risk.

BAMLI DAC has a Minimum Capital Requirement of $192m (2016: $195m) comprising of the risk requirements outlined in Figure 3

Figure 3. Summary of BAMLI DAC's Minimum Capital Requirement



2.2.2 Key Movements in 2017

BAMLI DAC's Minimum Capital Requirement has remained flat at $0.2bn in 2017.

Table 2 shows a breakdown of the Risk Weighted Assets (“RWAs”) and Minimum Capital Requirement of BAMLI DAC.

Table 2. RWAs and Minimum Capital Requirement

	RWAs		Minimum capital requirements
(Dollars in Millions)	2017	2016	2017
Credit risk (excluding CCR)	**350**	**226**	**28**
Of which the standardised approach	350	226	28
Of which the foundation IRB (FIRB) approach			
Of which the advanced IRB (AIRB) approach			
Of which equity IRB under the simple risk-weighted approach or the IMA			
CCR	**1,656**	**1,396**	**133**
Of which mark to market			
Of which original exposure			
Of which the standardised approach	751	754	60
Of which internal model method (IMM)			
Of which risk exposure amount for contributions to the default fund of a CCP			
Of which CVA	905	642	73
Settlement risk			
Securitisation exposures in the banking book (after the cap)	**98**	**298**	**8**
Of which IRB approach			
Of which IRB supervisory formula approach (SFA)			
Of which internal assessment approach (IAA)			
Of which standardised approach	98	298	8
Market risk	**80**	**205**	**6**
Of which the standardised approach	80	205	6
Of which IMA			
Large exposures			
Operational risk	**211**	**326**	**17**
Of which basic indicator approach			
Of which standardised approach	211	326	17
Of which advanced measurement approach			
Amounts below the thresholds for deduction (subject to 250% risk weight)			
Floor adjustment			
Total	2,395	2,451	192

2.2.3 Minimum Capital Requirement Approach

BAMLI DAC has adopted the standardised approach for calculating Counterparty Risk, Credit Risk, Operational Risk and Market Risk Capital Requirements. In order to adhere to the standardised rules set out by the European Banking Authority (“EBA”), BAMLI DAC uses external ratings from External Credit Assessment Institutions (“ECAIs”) based on a combination of Moody’s Investors Service, Inc. (“Moody’s”), Standard & Poor’s Financial Services LLC (“S&P”) and Fitch. ECAI ratings are used for all exposure classes.

2.3 Capital Resources vs. Minimum Capital Requirement and Tier 1 Capital Ratio

2.3.1 Capital Resources vs. Minimum Capital Requirement

Table 3 outlines that BAMLI DAC's total Capital Resources are significantly in excess of the Pillar 1 Minimum Capital Requirement.

BAMLI DAC's Capital Resources in excess of its Minimum Capital Requirements has remained at $2.0bn during 2017.

Capital Resources and Minimum Capital Requirement for BAMLI DAC are monitored and analysed on a regular basis. BAMLI DAC continuously maintains a surplus over its Minimum Capital Requirement.

2.3.2 Tier 1 Ratio

An entity's Tier 1 ratio is the ratio of the Tier 1 Capital to RWAs. There have been relatively minor movements in RWAs in 2017. As well as a decrease in RWAs, Tier 1 capital increased during the year, due to the inclusion of current year audited earnings.

BAMLI DAC's Tier 1 ratio has increased from 90.9% to 93.5% over the year.

Table 3. Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio

(Dollars in Millions)	2017	2016 [(1)]
Total Capital Resources[(2)]	2,239	2,229
Pillar 1 Minimum Capital Requirement	192	195
Surplus over Requirement	**2,047**	**2,034**
Tier 1 Capital Resources[(2)]	2,239	2,229
Risk Weighted Assets	2,395	2,451
Tier 1 Capital Ratio	**93.49%**	**90.94%**

[(1)] 2016 Capital Resources has been restated to include 2016 audited earnings.
[(2)] Capital Resources are shown here on a regulatory basis. See Table 20 for a reconciliation to the accounting balance sheet.

2.4 Reconciliation of Accounting Balance Sheet to Regulatory Exposure Amounts

2.4.1 Mapping of Financial Statement Categories with Regulatory Risk Categories

Table 4 shows BAMLI DAC's accounting balance sheet, and breaks down the carrying values of each line item between the relevant regulatory risk frameworks to which they are allocated.

There are no differences between BAMLI DAC's accounting balance sheet and the carrying values included under the scope of the regulatory consolidation of the Company.

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 listed in Part Three of the CRR.

Table 4. EU LI1 Differences between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories

	b	c	d	e	f	g
		Carrying values of items				
(Dollars in Millions)	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	473	473	-	-	-	-
Loans and advances to banks	388	388	-	-	-	-
Reverse repurchase agreements	12	-	12	-	-	-
Market and client receivables	1,204	25	1,179	-	-	-
Trading assets	1,477	856	-	-	621	-
Derivative financial instruments	1,505	-	1,463	42	1,463	-
Other assets	40	40	-	-	-	-
Total assets	**5,099**	**1,782**	**2,654**	**42**	**2,084**	**-**
Liabilities						
Deposits by banks	33	-	-	-	-	33
Market and client payables	531	-	529	-	-	2
Derivative financial instruments	2,172	-	2,172	-	2,172	-
Other liabilities	17	-	-	-	-	17
Accruals and deferred income	2	-	-	-	-	2
Retirement benefit obligations	98	-	-	-	-	98
Total liabilities	**2,853**	**-**	**2,701**	**-**	**2,172**	**152**

2.4.2 Differences between the Financial Statements' Carrying Value Amounts and the Exposure Amounts Used for Regulatory Purposes

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

Table 5. EU LI2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

		Items subject to		
(Dollars in Millions)	Total	Credit risk framework	CCR framework	Securitisation framework
Assets carrying value amount under the scope of regulatory consolidation (as per template EU LI1)	5,099	1,782	2,654	42
Liabilities carrying value amount under the regulatory scope of consolidation (as per template EU LI1)	2,701	-	2,701	-
Total net amount under the regulatory scope of consolidation	**2,398**	**1,782**	**(47)**	**42**
Off-balance-sheet amounts	279	279		
Differences in valuations	(3)		(3)	
Differences due to different netting rules	926	(1)	927	
Differences due to potential future credit exposure	243		241	2
Differences due to volatility adjustments and collateral not used	64	5	59	
Differences due to CCF factors	(136)	(136)		
Exposure amounts considered for regulatory purposes	**3,771**	**1,929**	**1,177**	**44**

Explanations of Differences between Accounting and Regulatory Exposure Amounts

Included below is a summary of the 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. Off-balance-sheet items are converted into credit exposure equivalents through the use of credit conversion factors.
- 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.

Netting Rules

- Under the FRS 101 accounting framework, financial assets and liabilities are offset and the net amount reported on the balance sheet where the Company currently has a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.
- Under the regulatory framework, netting is applied for the calculation of exposures if there is legal certainty and the positions are managed on a net collateralised basis. This typically means that more netting is recognised under the regulatory framework than under the accounting framework.

Collateral Allocation

- The amounts of collateral used as Credit Risk Mitigation ("CRM") under the regulatory framework are adjusted using volatility adjustments to reflect, for example, currency and maturity mismatches.

Potential Future Credit Exposure

- In the calculation of regulatory exposure amounts for derivative contracts, an add-on is calculated for potential future credit exposure based on the notional amount of a derivative.

Differences in Valuations

Where assets or liabilities are measured at fair value on the balance sheet, certain valuation adjustments are made under the FRS 101 accounting framework 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.

See below for further details on valuation methodologies, the process of independent price verification, and valuation adjustments.

Valuation Methodologies and Independent Price Verification

The Company 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 they 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, utilises available market information including executed trades, market prices and market observable valuation model inputs so that fair values are reasonably estimated. The Company 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.

Valuation Adjustments

Credit Valuation Adjustment ("CVA") is recorded on the Company'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. The Company also records a funding valuation adjustment to include funding costs on uncollateralised derivatives and derivatives where the Company is not permitted to reuse the collateral it receives. The Company also calculates a Debt 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

Following the implementation of CRD IV on 1 January 2014, a new requirement was introduced requiring a prudential valuation adjustment to be deducted from BAMLI DAC's Tier 1 Capital Resources. There is an established valuation control policy and prudent valuation guidelines which set out the policies and procedures for the determination of price verification and prudent valuation in accordance with the requirements of CRD IV and related interpretive guidance.

2.5 Leverage Ratio

2.5.1 Summary

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

The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

CRD IV legislation allows for the calculation of a transitional leverage ratio, permitting various adjustments to Tier1 capital in the years leading to 2018. However, the CBI, as local regulator, also requires transitional Tier 1 capital to be calculated on a fully phased in basis. Therefore, the transitional and fully phased-in leverage ratios are computed in the same manner.

CRD IV does not currently include a minimum leverage ratio requirement. In November 2016 the European Commission published a legislative proposal to amend various elements of CRD IV, which included a binding minimum leverage ratio requirement of 3%, as well as a number of changes to the calculation of the exposure measure. Based on the draft text of the proposal, it is currently expected that these amendments will become effective on 1 Jan 2021. BAMLI DAC's leverage ratios are in excess of the proposed minimum at 52.4% and 52.4% respectively (31 December 2016: 54.0% and 54.0% respectively).

Table 6. Transitional and Fully Phased In Leverage Ratio

	2017
Transitional Leverage Ratio	52.41%
Fully Phased-In Leverage Ratio	52.38%

	2016[1]
Transitional Leverage Ratio	54.04%
Fully Phased-In Leverage Ratio	53.99%

[1] 2016 Leverage Ratio has been restated to include 2016 audited earnings.

2.5.2 Key Movements in 2017

The Company's leverage ratios both decreased during the year, primarily due to an increase in on balance sheet assets.

3. Liquidity Position and Encumbered and Unencumbered Assets

3.1 Liquidity Position

3.1.1 Regulatory Requirement

BAMLI DAC is subject to CRD IV, CRR and CBI liquidity requirements. The CBI requires BAMLI DAC to have sufficient liquidity to meet all its liabilities in the 0-8 day period and to meet 90% of its liabilities in the 8 day to 1-month period.

BAMLI DAC is subject to the Liquidity Coverage Ratio ("LCR"), which requires BAMLI DAC 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 2017, BAMLI DAC was in compliance with its regulatory and internal liquidity requirements.

3.1.3 Funding Profile

BAMLI DAC does not issue debt to parties external to BAC. The Company primarily funds it balance sheet through equity and intercompany unsecured debt.

These funding sources are used to support the Company's GM & GB activity.

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

Levels of encumbrance have remained relatively stable over the year with types of encumbered assets remaining consistent.

The asset encumbrance disclosure is prepared in accordance with EBA guidelines. It is based on financial statement information prepared in accordance with international accounting standards.

BAMLI DAC primarily adopts standard collateral agreements and collateralises at appropriate levels based on industry standard contractual agreements (mostly Credit Support Annexes ("CSAs")).

Table 7 outlines the carrying amount and fair value of certain assets of the Company split between those encumbered and unencumbered.

Table 7. Analysis of Assets

	2017[1]			
(Dollars in Millions)	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Company[2]	1,738		3,234	
Equity Instruments	-	-	-	-
Debt Securities	581	581	891	891
Other Assets[3]	-		1,483	

	2016[1]			
(Dollars in Millions)	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Company[2]	2,226		3,611	
Equity Instruments	-	-	-	-
Debt Securities	805	805	1,142	1,142
Other Assets[3]	-		1,970	

(1) Greyed out cell format stems from EBA asset encumbrance template, indicating non applicable disclosures
(2) Equity instruments, Debt Securities and Other Assets are a subset of Assets of the Company and may not be equal to the total on the "Assets of the Company" line. Remaining assets primarily relate to cash pledges on derivative contracts and loans & advances.
(3) The majority of unencumbered Other Assets relate to derivative assets not available for encumbrance.

Table 8 provides detail on both the fair value of encumbered collateral received and collateral received that is available for encumbrance. As defined by the EBA, no "Other Collateral" or "Own Debt Securities other than own Covered Bonds or Asset-Backed Securities ("ABS")" have been received as collateral.

Table 8. Analysis of Collateral Received

	2017		2016	
(Dollars in Millions)	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance
Collateral Received by the Company[1]	17	511	15	709
Equity Instruments	-	-	-	-
Debt Securities	17	-	15	3

(1) Equity Instruments and Debt Securities are a subset of Collateral Received by the Company and may not be equal to the total on the "Collateral Received by the Company" line.

Table 9 outlines the value of liabilities against which assets have been encumbered and the respective asset values.

Table 9. Encumbered Assets/Collateral Received and Associated Liabilities

	2017		2016	
(Dollars in Millions)	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
Carrying Amount	1,917	1,754	2,575	2,238

3.3 LCR Disclosures

3.3.1 LCR Disclosure Requirements

The objective of the LCR disclosure requirements (EBA/GL/2017/01 dated 21/06/2017) is to provide market participants with information to assess EU banks' liquidity positions and risk management. The guidelines on LCR disclosure allow credit institutions which are neither Global Systemically Important Institutions ("G-SIIs") nor Other Systemically Important Institutions ("O-SIIs"), or institutions which choose to disclose their LCR voluntarily, to disclose a simplified template. This simplified template includes only the liquidity buffer, total net cash outflows and LCR.

3.3.2 LCR Disclosures and CBI Decision

In a letter addressed to the Chief Executive Officer of the Company dated 2 November 2017, the CBI's Banking Supervision division has conveyed its decision to request all institutions that are neither G-SIIs nor O-SIIs (or Less Significant Institutions per the CBI definition) to apply the guidelines on LCR Disclosure in full considering the proportionality principle for the nature, scale and complexity of the reporting institution.

BAMLI DAC is a Less Significant Institution according to the CBI's definition and as such it should provide a full LCR disclosure. However, due to its current balance sheet size and limited complexity of its business BAMLI DAC will use the proportionality principle cited by the CBI and provide the simplified LCR disclosure.

3.3.3 LCR Disclosure Template

Table 10 below discloses average weighted values of the liquidity buffer, total net cash outflows and the LCR of the Company.

Table 10. Simplified LCR Disclosure

	BAMLI DAC			
(Dollars in Millions)	Total weighted value (average)			
Quarter ending on	31-Mar-17	30-Jun-17	30-Sep-17	31-Dec-17
Number of data points used in the calculation of averages	12	12	12	12
Liquidity Buffer	1,127	1,200	1,292	1,332
Total Net Cash Outflows	116	187	250	275
Liquidity Coverage Ratio (%)	1415%	1236%	1040%	715%

Note: The disclosed values and figures within the Liquidity Buffer, Total Net Cash Outflows, and LCR are simple averages of the preceding twelve LCR monthly reporting observations for each quarter.

4. Risk Management, Objectives and Policy

4.1 BAC Risk Framework

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including BAMLI DAC). BAC adopted the 2017 Risk Framework in December 2016. The key enhancements from the 2016 Risk Framework include the incorporation of the responsible growth strategy and updates to various definitions, and organisation and governance structures.

BAMLI DAC 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 board of BAMLI DAC adopted the BAC 2017 Risk Framework in March 2017.

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

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 BAMLI DAC 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 BAMLI DAC's reputation, each of which may adversely impact BAMLI DAC and its ability to execute its business strategy. Managing risk well is fundamental to delivering on the Company's strategy for responsible growth.

The Risk Framework applies to all employees. It provides an understanding of BAMLI DAC'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 BAMLI DAC. 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. The following are the five components of BAMLI DAC'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 BAMLI DAC, 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 BAMLI DAC's core values and operating principles. 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 BAMLI DAC's risk appetite. Sustaining a culture of managing risk well throughout the organisation is critical to the success of BAMLI DAC and is a clear expectation of BAMLI DAC's executive management team and its board of directors.

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

1. Managing risk well protects BAMLI DAC and its reputation and enables BAMLI DAC to deliver on its purpose and strategy.
2. BAMLI DAC treats customers fairly and acts with integrity to support the long-term interests of its employees, customers and shareholders. BAMLI DAC understands that improper conduct, behaviour or practices by BAMLI DAC, its employees or representatives could harm BAMLI DAC, the shareholders or customers, or damage the integrity of the financial markets.
3. Individual accountability and an ownership mind-set are the cornerstones of the Enterprise Code of Conduct and are at the heart of the risk culture.

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 BAMLI DAC employs models and methods to assess risk and better inform BAMLI DAC'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. BAMLI DAC strives to be best-in-class by continually working to improve risk management practices and capabilities.

4.2.2 Risk Profile and Appetite

Risk Profile:

BAMLI DAC is a registered bank in the Republic of Ireland which is authorised and regulated by the CBI. BAMLI DAC is headquartered in Dublin with a branch in London.

In line with current BAC legal entity strategy, BAMLI DAC is not originating new business, but it does retain legacy derivatives counterparties where the market risk is hedged, and a legacy loan portfolio. Furthermore BAMLI DAC has a requirement to continue to invest excess liquidity in securities that make up the HQLA Buffer.

As at 31 December 2017, BAMLI DAC's total assets prepared in accordance with FRS 101 totalled $5.1bn, and comprised principally of derivative assets and high quality sovereign bonds. 35.5% of balances are with affiliated companies.

As at 31 December 2017 BAMLI DAC has $2.2bn of regulatory Capital Resources, consisting of CET1 capital of $2.2bn. BAMLI DAC has a Tier 1 capital ratio of 93.5%. The Company's twelve month average LCR was 715%.

BAMLI DAC enters into transactions with affiliated companies in the BAC Group, primarily as a result of its own risk management purposes. BAMLI DAC also typically deposits cash with affiliates, and provides / receives intercompany loans for general liquidity management purposes.

Consistent with the business strategy, BAMLI DAC's largest Counterparty and Credit Risk industry sector based on regulatory capital exposures is Central Governments & Central Banks. 87.1% of the BAMLI DAC's Counterparty and Credit Risk requirement is based on exposures within the Europe, Middle East & Asia ("EMEA") region and 62.4% of Counterparty and Credit Risk related exposures mature in less than 1 year.

BAMLI DAC has over 74.4% of exposures with counterparties externally rated between AAA and A-. Although generally assessed internally as being of high quality, 6.5% of exposure in BAMLI DAC is to counterparties not rated by external rating agencies. Credit risk is assessed as outlined in section 4.3 Key Risk Types.

BAMLI DAC 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.

Risk Appetite and Limits:

BAMLI DAC's Risk Appetite Statement ("RAS"), indicates the amount of capital, earnings or liquidity BAMLI DAC is willing to put at risk to achieve its strategic objectives and business plans, consistent with applicable regulatory requirements. The RAS ensures that BAMLI DAC 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 BAMLI DAC business and aligned with the risk management practices of BAMLI DAC. The RAS is reviewed and approved by the BAMLI DAC board at least annually.

The quantitative and qualitative elements of BAMLI DAC'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 BAC Risk Framework. There are detailed qualitative statements for all of the key risk types within the Risk Framework. In addition there is also a suite of metrics for the following risks:

- Credit Risk: Concentration limits aligned to aggregate exposure, affiliate exposure and credit quality using internal risk ratings
- Market Risk: Metrics relating to trading Value at Risk ("VaR") and Stress Loss
- Operational Risk: Metrics covering losses incurred and an aggregate assessment as described in the Risk Self-Assessment ("RSA")
- Liquidity Risk: Metrics relating to LCR and Internal Liquidity Stress Testing

Capital metrics are also included within the RAS. These enable direct monitoring and limiting of risk against available capital resources and are provided in addition to stress loss limits.

The performance against the BAMLI DAC risk appetite is reviewed on a monthly basis by the BAMLI DAC RMC. Limits are regularly monitored by risk management on a more frequent basis. Performance is also reported to the BAMLI DAC BRC and BAMLI DAC board on a quarterly basis.

The BAMLI DAC Chief Risk Officer ("BAMLI DAC CRO") 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 implemented appropriately. This process outlines the escalation and management of exposures that are in excess of the trigger or limit levels. When exposures breach trigger and limit levels they are escalated as appropriate to management bodies including the BAMLI DAC board, BRC and RMC.

Defining BAMLI DAC's Risk Appetite:

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

- Overall Risk Capacity - Overall Capacity to take risk is limited therefore risk prioritisation is critical. Risk capacity informs risk appetite, which is the level and types of risk deemed acceptable to take to achieve business objectives.
- Financial strength to absorb adverse outcomes - Maintenance of a strong and flexible financial position is essential to weather challenging economic times and take advantage of organic growth opportunities. Therefore, objectives and targets are set for capital and liquidity that permit BAMLI DAC to continue to operate in a safe and sound manner at all times, including during periods of stress. Limits are evaluated under baseline and stressed operating conditions.
- Risk / reward evaluation – Risks taken must fit BAMLI DAC's risk appetite and offer acceptable risk-adjusted returns for BAC shareholders.
- Skills and capabilities – BAMLI DAC seeks to assume only those risks which it has the skills and capabilities to Identify, Measure, Monitor and Control ("IMMC").

The quantitative framework for BAMLI DAC's RAS is designed to articulate the risks it will take in pursuit of strategic objectives that are both consistent with BAMLI DAC's financial resources and avoids excessive risk taking. It comprises board approved limits indicating the amount of risk BAMLI DAC is willing to take.

Risk appetite metrics are expressed on a current 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 board approved limits are in place, with limit breaches triggering appropriate notification and escalation based on the severity of the breach as defined by magnitude or frequency. Breach resolution plans include a written description of the root causes and how a breach will be resolved. Management and the Risk Management Committee ("RMC"), Board Risk Committee ("BRC") and 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 BAMLI DAC'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. Risk appetite is also considered within the New Product Review and Approval Policy and processes, and within decisions around any acquisitions and divestitures. Managing risk well and embracing the Risk Framework are considered as part of compensation and performance management decisions.

4.2.3 Risk Management Processes

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

BAMLI DAC approach to Risk Management Processes:

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

The FLUs have primary responsibility for managing risks inherent in their businesses. BAC employs an effective 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 all material current and emerging risks and enables BAMLI DAC to proactively and effectively manage risk.

Risk Data Management and Reporting Principles:

- Complete, accurate and timely data
- Clear and uniform language to articulate risks consistently across the Company
- 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 BAMLI DAC Management bodies as appropriate.

4.2.5 Risk Governance

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

Three Lines of Defence

BAMLI DAC has clear ownership and accountability for managing risk across three lines of defence: FLUs, independent risk management (i.e. Global Risk Management and Global Compliance) and Corporate Audit. The Company 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 the Enterprise, and provide independent assessment of effective challenge of risks
Corporate Audit	Provide independent validation through testing of key processes and controls

Corporate Audit

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

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

Corporate Audit 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 the Company's highest risks and risk management processes (inclusive of risk appetite).

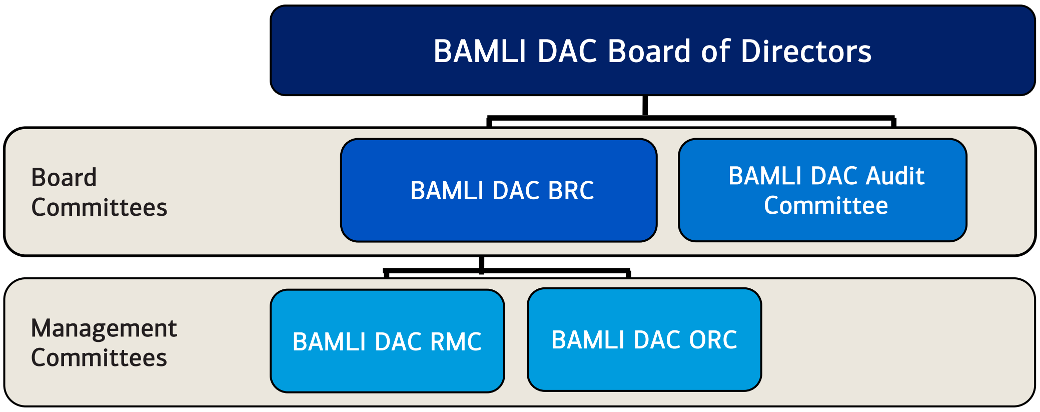
Corporate Audit is not responsible for setting and approving of limits for risks which the Company is exposed to. However Corporate Audit conducts reviews, as appropriate, of the controls and monitoring of such limits.

Corporate Audit maintains its independence from the FLUs, independent risk management and other control functions by reporting directly to the BAMLI DAC Audit Committee or the BAMLI DAC Board of Directors.

Risk Governance Committees

The BAMLI DAC board ensures suitable risk management and controls through the BAMLI DAC BRC and BAMLI DAC Audit Committee of the BAMLI DAC board, the BAMLI DAC RMC and the BAMLI DAC Operational Risk Committee ("BAMLI DAC ORC"), also conducting periodic reviews of risk management strategies to ensure their continuing effectiveness.

Figure 4. Risk Governance Structure



Note: In 2017 the BAMLI DAC BRC met four times, the BAMLI DAC Audit Committee met six times, the BAMLI DAC RMC met thirteen times, and the BAMLI DAC ORC met eleven times.

The BAMLI DAC BRC assists the BAMLI DAC board in fulfilling its responsibility for reviewing all Company wide risk-creating activities and to ensure that they are restricted to those activities that can be prudently managed.

The BAMLI DAC Audit Committee assists the BAMLI DAC Board in fulfilling its oversight responsibilities relating to BAMLI DAC's internal financial controls; the preparation and integrity of BAMLI DAC's financial statements; BAMLI DAC's relationship with its statutory auditor, including pre-approval of any non-audit services; and the performance and independence of BAMLI DAC's Internal Audit and Compliance functions.

The BAMLI DAC Risk Management Committee ("BAMLI DAC RMC") reports to the BAMLI DAC BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BAMLI DAC BRC, the BAMLI DAC Board or other committees, as appropriate) market risk, credit risk, operational risk (in conjunction with the BAMLI DAC ORC), balance sheet, capital and liquidity management, country risk, stress testing and concentration risk management activities of the Company (including any branches and subsidiaries).

The BAMLI DAC ORC reports to the BAMLI DAC BRC and is responsible for providing management oversight of Operational Risk within the activities of the Company.

BAMLI DAC Director Selection and Diversity Policy

Members of the BAMLI DAC board of directors, along with representatives from HR, Subsidiary Corporate Governance and Legal, are responsible for identifying and nominating for the approval of the board candidates to fill board vacancies as and when they arise.

Before any appointment is made by the BAMLI DAC board, the members are 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. When identifying suitable candidates the members 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 board, including gender representation, taking care that appointees have sufficient time available to devote to the position.

All appointments to the board are made in compliance with BAC's background check 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. In addition all persons being appointed to the BAMLI DAC board require preapproval in line with the CBI's Fitness and Probity Regime, which came into effect in 2011, 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 (Appendix 1 – Directors Board Membership and Experience).

In 2017 there were no changes to the BAMLI DAC Chief Risk Officer, the EMEA CRO or the Head of Corporate Audit, however a new EMEA Head of Compliance and Operational Risk was appointed during the year.

The BAMLI DAC board, supported by the BRC confirms that the risk management arrangements outlined are adequate to facilitate the management of risk in the context of BAMLI DAC's profile and strategy as set out in the BAMLI DAC risk statement.

4.3 Key Risk Types

The Risk Management processes outlined above allow BAMLI DAC 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 BAMLI DAC are given below:

4.3.1 Strategic Risk

Definition

Strategic Risk is the risk that results from incorrect assumptions about external and / 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 BAMLI DAC 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 recovery and resolution plans and also with the regular assessment of earnings and risk profile throughout the year. The executive management team provides the BAC 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.

Regional and BAMLI DAC strategy execution and risk management are aligned to the overall BAC strategic plans through a formal planning and approval process. The BAC strategic plans are set within the context of overall risk appetite and the strategic planning process includes an evaluation of the internal and external environment and BAC's strengths, weaknesses, opportunities and threats. During the planning process, the BAC board provides credible challenge to management's assumptions and recommendations, and approves the strategic plans after a comprehensive assessment of the risks.

Management routines play an important role in developing strategic recommendations for committees, regional and executive management. Specific thematic focused presentations are made to the BAC board as necessary to address any developments or additional considerations as it relates to strategic planning or the strategic plan itself.

Strategic Risk is embedded in every business and, to some extent, is part of the other major risk types (Credit, Market, Liquidity, Operational, Compliance and Reputational Risk).

Strategic Risk Governance

The BAC board is responsible for overseeing the strategic planning process and management's implementation of the resulting strategic plan. BAC's strategic plan is reviewed and approved annually by the BAC board in consideration of the capital plan, financial operating plan, liquidity requirements and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures, and recovery and resolution plans are reviewed and approved by the BAC board as required. Strategic planning at BAC level is representative of more detailed planning undertaken at the business unit, regional and BAMLI DAC level.

At the business unit, regional and BAMLI DAC level, strategic planning processes are consistent with each other and their output is incorporated as part of BAC planning process. The BAMLI DAC strategy is reviewed and signed-off by BAMLI DAC board. Strategic decisions relating to BAMLI DAC are presented and discussed at BAMLI DAC BRC and BAMLI DAC 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. Independent risk management, Corporate Audit and other control functions provide input, challenge and oversight to FLU and regional level strategic plans and initiatives.

Strategic Risk Reporting

Individual business units provide regular tracking updates to the BAMLI DAC Board on their business performance and management of strategic risk. Updates take into account analyses of performance relative to the strategic plan, risk appetite, performance relative to peers, the strength of capital and liquidity positions and stress tests (which address potential macroeconomic events, changing regulatory requirements and various market growth rate assumptions).

Specific thematic focused presentations are also made to the BAMLI DAC Board as necessary to address any developments or additional considerations as it relates to strategic planning or the strategic plan itself.

The BAMLI DAC Board uses these updates and presentations to ensure that management actions and decisions remain consistent with strategic plans and risk appetite statements.

These reporting and escalation standards are consistent with BAC's enterprise wide processes.

4.3.2 Credit Risk

Definition

Credit risk is the loss arising from the inability or failure of a borrower or counterparty to meet its obligations.

Credit risk is created when BAMLI DAC commits to, or enters in to, an agreement with a borrower or counterparty.

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

Credit Risk Management Process

BAMLI DAC 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.

BAMLI DAC 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
- Loss mitigation activities
- Portfolio management

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

Credit Origination

BAMLI DAC's legacy credit portfolio consists of commercial lending (encompassing drawn and un-drawn corporate and institutional lending facilities to clients) and traded products activities.

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

When BAMLI DAC was booking new business, the primary focus when granting credit facilities was 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 FLUs remains within approved credit risk limits.

Counterparty Credit Risk ("CCR") in BAMLI DAC arises from the creditworthiness of BAMLI DAC's trading partners and varies by type of transaction. Credit risk Management manages counterparty risk with specific policies, limits and controls.

Based on risk profiles, limits and tenors are set at the individual counterparty level and aggregate family level. Investment Advisor "As Agent" limits can also be set as needed. Mark-to-market exposure and potential exposure are measured taking applicable collateral into account. Counterparty concentration limits are also set at country and industry 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 FLUs and legal entities. Trading exposures with counterparties are accounted for in the assessment of portfolio concentrations so credit decisions reflect complete, accurate and timely information.

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.

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

BAMLI DAC employs a range of techniques to actively mitigate CCRs. BAMLI DAC accepts collateral that it is permitted by documentation such as repurchase agreements or a CSA to an International Swap Dealers Association Master Agreement ("ISDA"). 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.

BAMLI DAC 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 BAMLI DAC, 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.

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 approved through the Non-Standard Collateral Review Process. Collateral Management report and escalate collateral disputes and fails through established routines.

Derivatives exposure are increasingly routed through Central Counterparties in response to regulation changes being phased-in globally. UMR is a regulatory mandate requiring the exchange of Variation Margin and Initial Margin for uncleared OTC Derivative bilateral trades. UMR was effective for Initial Margin September 1, 2016 for the largest international bank holding companies and their subsidiaries, with a further phased-in compliance based on aggregate trading notionals annually every September until 2020. UMR regulatory Variation Margin was effective for all applicable counterparties on March 1, 2017.

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

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.

CRM taken by BAMLI DAC to reduce credit risk may result in credit or market risk concentrations (as per 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.

Credit Risk Governance

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

Credit risk policies form an important part of BAC's and BAMLI DAC'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 BAC 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 FLU level, independent risk management oversees credit risk management processes and governance in accordance with BAMLI DAC'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 BAC and BAMLI DAC boards 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 BAMLI DAC 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: Trading positions within BAMLI DAC are subject to various changes in market based risk factors. The majority of this risk is generated by the activities in interest rate, FX and credit markets. In addition, the values of asset and liabilities could change due to market liquidity, correlations across markets and expectations of market volatility.

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 (re-pricing 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). Interest rate risk arises in BAMLI DAC's non-trading book from differences in re-pricing, rate and maturity characteristics between its assets and liabilities. Interest rate risk is measured as the potential change in net interest income or economic value of equity caused by movements in market interest rates.

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 VaR models. BAMLI DAC's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the non-trading book is also assessed.

Value at Risk ("VaR")

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.

VaR is used for management reporting purposes ("Trading VaR"). Two measures are calculated: a version using 3-years of historic data and a version which uses a 1-year period in order to reflect more recent market volatility. Both are equivalent to a 99% confidence level and have a 1-day holding period.

BAMLI DAC uses a historical simulation approach to calculate VaR. A hypothetical 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. 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 equity and debt positions are 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 new product or less liquid 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

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

BAMLI DAC manages and monitors its market risk exposures in a way that reflects BAMLI DAC's Risk Framework. Assessing key exposures and setting and monitoring limits to ensure that BAMLI DAC operates within the approved risk appetite are at the core of BAMLI DAC'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 RMC and BRC review and recommend Risk Appetite limits for approval to the BAMLI DAC 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 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 BAMLI DAC 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. BAMLI DAC 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.

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

Each of the FLU's are accountable for managing liquidity risk by establishing appropriate processes to Identify, Measure, Monitor and Control the risks associated with their activities. Global Risk Management ("GRM") provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of BAMLI DAC's liquidity risk management processes.

Liquidity Risk Governance

The BAMLI DAC Liquidity Risk Policy establishes the overarching governance, controls and risk management practices to monitor and manage liquidity risk across BAMLI DAC and is approved by the BAMLI DAC Board. The BAMLI DAC Board sets the liquidity risk appetite that is the minimum amount of liquidity that must be held to meet net modelled outflows under an internally-developed combined stress scenario and to comply with regulatory requirements. GRM is responsible for maintaining a liquidity risk limits framework to ensure that the Company is managed within its liquidity risk appetite.

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 BAMLI DAC Board, BRC and Senior Management.

4.3.5 Operational Risk

Definition

Operational Risk is the risk of loss resulting from inadequate or failed internal processes, people and systems, or from external events.

- Process risk is the risk that a predetermined process necessary to conduct business does not function properly or leads to undesired results.
- People risk is the risk that business objectives will not be met due to human resource deficiencies (e.g., improper conduct, inadequate staffing).
- Systems risk is the risk that arises from systems and / or tools that are deficient, unstable or overly complex for the intended use and are key to conducting the Company's activities.
- External events risk is the risk that arises from factors outside of the Company's span of control

Operational Risks are associated with the following seven operational loss event categories: internal fraud; external fraud; employment practices and workplace safety; clients, products and business practices; damage to physical assets; business disruption and systems failures; and execution, delivery and process management.

Operational Risk Management

Since operational risk is inherent in every activity across the Enterprise, BAC relies on all employees to conduct themselves properly, contribute to an effective internal control environment and manage operational risk within their roles.

Operational risk must be managed by all employees as part of their day-to-day activities. FLUs and Control Functions are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. Independent risk management teams actively oversee the FLUs/Control Functions to monitor adherence to the program and identify, advise and challenge operational risks.

Consistent Operational Risk management across all legal entities within BAC globally is supported through the implementation of the Operational Risk Management – Enterprise policy and the supporting standards, and adherence to the operational risk management program.

A key element of the program is the BAMLI DAC RSA which captures the operational exposures faced by BAMLI DAC, and entails: ongoing identification, measurement, mitigation, monitoring, reporting and escalation of applicable current and emerging Operational Risk and causes. In addition other Operational Risk management processes are in place such as review and reporting of internal and external operational loss data and the execution of scenario analysis. Scenarios are targeted to identify plausible, low-frequency, high-severity operational loss events. Risk reduction and mitigation activities are developed and enacted when potential Operational Risk losses are assessed or control gaps identified.

Conduct Risk

Conduct risk is the risk of improper actions, behaviours or practices by BAMLI DAC, its employees or representatives that are illegal, unethical or contrary to the Company’s core values. The impact of improper conduct could result in harm to the Company, its shareholders or its customers, damage the integrity of the financial markets, or negatively impact the Company’s reputation. Conduct risk has the potential to create additional risks such as reputational risk. Conduct risk is managed by establishing a culture that reinforces expectations of proper conduct, understanding how conduct risk arises, designing infrastructure and implementing controls and processes to prevent and identify potential conduct risk, and managing employee misconduct incidents.

Operational Risk Governance

BAMLI DAC Operational Risk is integrated into the BAC and BAMLI DAC governance structure described earlier in the document. The Operational Risk management framework incorporates and documents the overarching processes for identifying, measuring, mitigating, controlling, monitoring, testing, reviewing and reporting Operational Risk information to senior management and governance bodies.

Operational Risk Reporting

To achieve transparency, BAMLI DAC reports on the Operational Risk exposures, including Risk Appetite metrics and associated thresholds, operational loss events and RSA results. A consolidated report on Operational Risk is reviewed, discussed and debated with both the BAMLI DAC ORR, RMC and BRC.

4.3.6 Compliance Risk

Definition

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of BAMLI DAC arising from the failure of BAMLI DAC to comply with requirements of applicable laws, rules and regulations and related self-regulatory organizations’ standards and codes of conduct.

Compliance Risk Management

FLUs are responsible for the proactive identification, management and escalation of compliance risks across BAMLI DAC. Global Compliance is responsible for setting BAC-wide policies and standards and provides independent challenge and oversight to the FLUs. BAMLI DAC's approach to the management of compliance risk is further described in the Global Compliance Policy, which outlines the requirements of BAC's global compliance program and defines roles and responsibilities related to the implementation, execution and management of the global compliance risk management program by Global Compliance.

Compliance Risk Governance

Global Compliance is a separate function with governance routines and executive reporting distinct from those of the FLUs and other control functions. Global Compliance also collaborates with other control functions to provide additional support for specific remediation efforts and shares responsibility with the FLUs, GRM and other control functions for mitigating reputational risk.

Compliance Risk Reporting

The Global Compliance Executive leads the Global Compliance organisation, which together with the FLUs, also has responsibility for the aggregated identification, management and escalation of compliance risks and compliance-related matters across BAMLI DAC, including financial crimes compliance risks.

Compliance risk issues are reported to the BAMLI DAC Board, the BAMLI DAC Audit Committee and BAMLI DAC Operational Risk Committee.

4.3.7 Reputational Risk

Definition

Reputational Risk is the potential risk that negative perceptions of BAC's conduct or business practices will adversely affect its profitability or operations through an inability to establish new or maintain existing customer / client relationships or otherwise impact relationships with key stakeholders, such as investors, regulators, employees and the community.

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

Reputational Risk Management

BAC 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 BAC 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.

For the EMEA region there is a specialist committee, the EMEA Reputational Risk Committee, whose charter 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. Reputational Risk items relating to BAMLI DAC are considered as part of the EMEA Reputational Risk Committee.

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

- Business activities that present significant legal, regulatory or headline risk
- Violations of, or deviations from, BAC 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 BAC might have an undisclosed or significant conflict of interest
- Business activities from which BAC 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 BAMLI DAC'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 BAMLI DAC or any of the parties involved.
- Business activities or practices that may follow longstanding 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 BAMLI DAC 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, awareness of Reputational 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, BAC does not set quantitative limits for the level of acceptable risk. Through proactive risk management, BAC seeks to minimise both the frequency and impact of reputational events.

Reputational Risk Governance

BAC has an appropriate organisational and governance structure in place to ensure strong oversight at both the Enterprise and business levels.

The EMEA Reputational Risk Committee membership consists of executive representation from Markets, Global Corporate and Investment Banking and control functions (Legal, Compliance and Risk). The committee is co-chaired by the EMEA President and EMEA CRO. The EMEA 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 EMEA Regional Risk Committee and 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 EMEA Reputational Risk Committee to the Global Reputational Risk Committee as appropriate.

Reputational Risk items relating to BAMLI DAC are reported to the BAMLI DAC BRC.

Reputational Risk Reporting

The reporting of reputational risk issues is captured as part of the management routines for the EMEA Reputational Risk Committee. Issues that are identified and presented for discussion as part of the meeting logistics are included in reporting. Tracking of items presented to EMEA Reputational Risk Committee is maintained through reporting which provides detail such as description of the reputational risk issue, geographical jurisdiction of the issue, reason for escalation and decision reached by EMEA Reputational Risk Committee and which legal entity the issue relates to. Summary reporting of the EMEA Reputational Risk Committee issues is provided to the EMEA Regional Risk Committee on a quarterly basis as part of the control function support papers.

4.4 Other Risk Considerations

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

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.

BAC uses a range of policies and reporting to identify and monitor wrong-way risk across the portfolio. 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 Country Credit Risk Committee.

Contingent Market Risk ("CMR")

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 overcollateralization 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.

BAMLI DAC 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 CCR Portfolio Management. Permanent limits are approved at the BAC Global Markets Risk Committee.

Pegged Currency Risk

A pegged exchange rate is a type of exchange rate regime where a currency's value is managed against either the value of another single currency, to a basket of other currencies, or to another measure of value. Pegged Currency Risk arises when the peg "breaks", such as that which occurred in January 2015 when the Swiss National Bank announced it would no longer be pegging its currency, the Swiss Franc, to the Euro.

BAMLI DAC is subject to various Enterprise Pegged Currency limits for each pegged currency, across different ratings buckets and at the single name and portfolio level. Limits are reviewed and monitored by CCR Portfolio Management. Permanent limits are approved at the BAC Global Markets Risk Committee.

Exposures to Interest Rate Risk in the Non Trading Book

No detailed disclosures are made in respect of exposures to interest rate risk in the non-trading book as the information provided by such disclosure is not regarded as material. However, these exposures are monitored daily.

Impact of a Credit Rating Downgrade on OTC Collateral

The full impact of a credit rating downgrade on BAMLI DAC depends on numerous factors, including (1) the type and severity of any downgrade; and (2) the reaction of counterparties, customers, and investors who face BAMLI DAC. Based on the terms of various over-the-counter derivatives contracts and other trading agreements, a rating downgrade may result in BAMLI DAC posting additional collateral to counterparties or counterparties choosing to unwind or terminate specific transactions. In either case, BAMLI DAC 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 BAMLI DAC's internal liquidity stress testing and regulatory liquidity requirements. As of 31 December 2017, BAMLI DAC was in excess of both internal and regulatory liquidity requirements.

For more information on the impact of a credit downgrade on collateral posted for the Enterprise see pg. 120 of the BAC 10K filing for 2017. http://investor.bankofamerica.com.

Internal Capital Adequacy Assessment Process ("ICAAP")

The ICAAP is integral to BAMLI DAC's capital management framework and covers risk appetite, strategy and financial plans, capital and risk management and stress testing. The ICAAP assesses capital adequacy in relation to current and future activities and ensures an appropriate amount of capital is maintained relative to the risks to which the Company is exposed.

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.

BAMLI DAC undertakes limited trading activity as an investor in securitisations and the risk management of any securitisations is in line with Global Market Risk and Reputational Risk management policies.

New Products

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

BAMLI DAC complies with the BAC New Product Review and Approval 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.

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 predefined minimum requirements in respect of Governance, Risk Assessment, Post Implementation review, reporting and required Documentation.

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

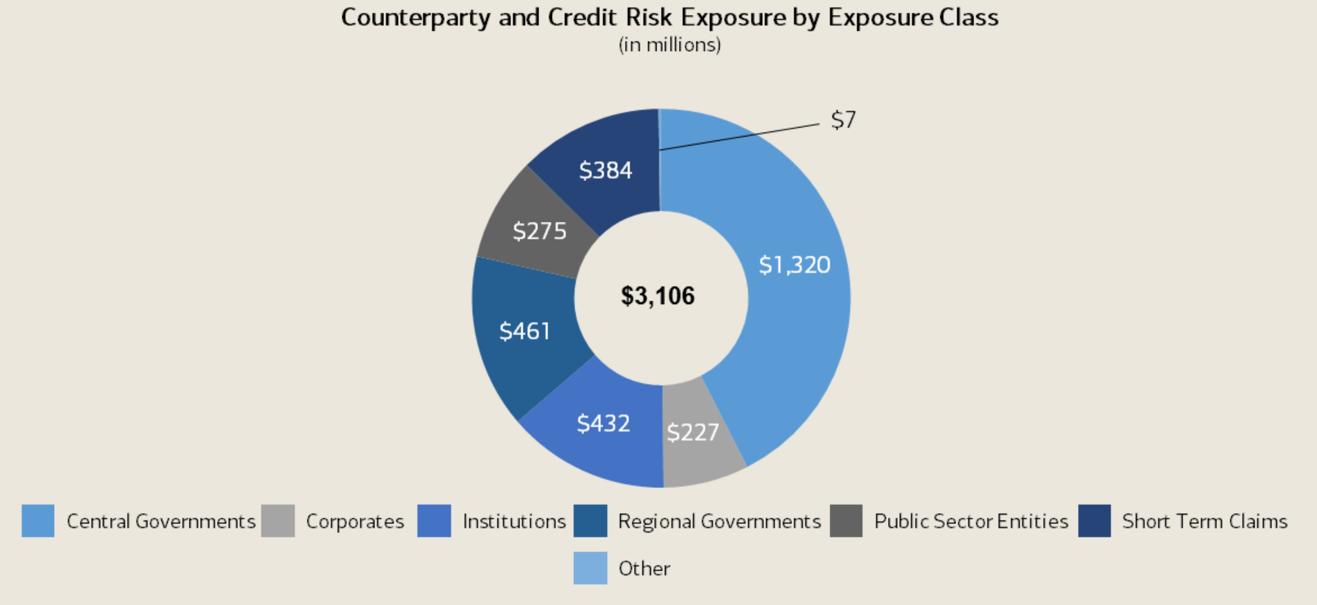
5.1 Minimum Capital Requirement Summary

BAMLI DAC's Minimum Capital Requirement is principally comprised of counterparty credit risk, credit risk, market risk and operational risk.

BAMLI DAC's counterparty and credit risk exposure is to Central Governments and Central Banks. Further details can be found in Section 5.2 Counterparty and Credit Risk.

BAMLI DAC'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. Minimum Capital Requirement Detail: Counterparty and Credit Risk Exposure



5.2 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. BAMLI DAC has Counterparty and Credit Risk exposure as a result of derivative trades, securities financing transactions and other trading and non-trading book exposures.

The following section provides detailed information on BAMLI DAC's regulatory Counterparty and Credit Risk exposures. All exposures, unless stated otherwise, are post CRM and the application of credit conversion factors.

5.2.1 Counterparty and Credit Risk by Type

Table 11 sets out the RWA and Counterparty and Credit Risk capital requirement by exposure class and Table 12 shows exposure by industry distribution for each exposure class. The majority of risk weighted exposures for BAMLI DAC are against regional governments, corporations and institutions. The ratings of counterparties are derived by referring to external credit ratings provided by Moody's, Fitch and S&P for all exposure classes.

Table 11. Counterparty and Credit Risk Minimum Capital Requirement and RWA

	2017	
(Dollars in Millions)	RWA	Capital
Central Governments	-	-
Corporates	169	14
Institutions	212	17
Public Sector Entities	138	11
Regional Governments or Local Authorities	384	31
Short Term Claims	191	14
Other	7	1
Total	**1,101**	**88**

Table 12. Counterparty and Credit Risk Exposure by Industry Distribution

(Dollars in Millions)	Central Governments & Central Banks	Broker Dealer	Bank	Utilities	Energy	Other Financial	Transportation	Other	Total Exposure
Central Government	1,320	-	-	-	-	-	-	-	1,320
Corporates	-	1	-	114	22	61	-	29	227
Institutions	-	423	1	-	-	8	-	-	432
Regional Government or Local Authorities	461	-	-	-	-	-	-	-	461
Public Sector Entities	-	-	-	179	-	-	96	-	275
Short Term Claims	-	14	370	-	-	-	-	-	384
Other	-	-	-	-	-	7	-	-	7
Total	1,781	438	371	293	22	76	96	29	3,106

5.2.2 Counterparty and Credit Exposure by Geographical Distribution and Maturity Profile Detail

Further analysis of BAMLI DAC showing the geographical distribution and residual maturity of the exposure value is shown in Table 13 and Table 14

The geographical distribution is reported by analysing the residence of the counterparty and is further analysed to show the breakdown by exposure class. The majority of BAMLI DAC exposure sits within EMEA.

Table 13. Counterparty and Credit Risk Exposure by Geographical Distribution

	2017			
(Dollars in Millions)	Asia	Americas	EMEA	Total
Central Government	-	-	1,320	1,320
Corporates	1	24	202	227
Institutions	-	1	431	432
Regional Government or Local Authorities	-	-	461	461
Public Sector Entities	-	-	275	275
Short Term Claims	-	369	15	384
Other	-	5	2	7
Total	**1**	**399**	**2,706**	**3,106**

BAMLI DAC's Counterparty and Credit Risk exposure values at the end of 2017 by residual maturity and exposure class are also provided.

Table 14. Counterparty and Credit Risk Exposure by Residual Maturity

	2017			
(Dollars in Millions)	Less than One Year	One to Five Years	More than Five Years	Total
Central Governments or Central Banks	1,320	-	-	1,320
Corporates	79	137	11	227
Institutions	26	13	393	432
Regional Government or Local Authorities	-	99	362	461
Public Sector Entities	181	15	79	275
Short Term Claims	384	-	-	384
Other	7	-	-	7
Total	**1,997**	**264**	**845**	**3,106**

5.2.3 Counterparty and Credit Exposure by Credit Quality Step ("CQS")

Table 15 analyses exposure value by asset class and CQS showing the position pre and post CRM. For BAMLI DAC, CRM comprises of collateral only.

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

http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32016R1799&from=EN

The CQS is derived by referring to ECAIs including Moody's, Fitch and S&P, where available.

BAMLI DAC has the majority of exposure in CQS 1 and CQS 2, which means the counterparties are rated between AAA to AA- and A+ to A-. In addition, there is a small proportion of exposure under non-rated which means no public rating is available for the counterparties although they are internally assessed as generally being of good quality.

Table 15. Counterparty and Credit Risk Exposure by CQS

	2017	
(Dollars in Millions)	Pre-Credit Risk Mitigation	Post-Credit Risk Mitigation
Institutions		
Credit Quality Step		
1	3	8
2	424	424
3	-	-
4	103	-
5	-	-
6	-	-
NR - Non Rated	-	-
Total Exposure Value	**530**	**432**
Corporates		
Credit Quality Step		
1	1	1
2	228	114
3	-	-
4	-	-
5	-	-
6	-	-
NR - Non Rated	134	112
Total Exposure Value	**363**	**227**
Sovereign		
Credit Quality Step		
1	1,320	1,320
2	427	60
3	368	368
4	225	225
5	-	-
6	-	-
NR - Non Rated	83	83
Total Exposure Value	**2,423**	**2,056**
Other		
Credit Quality Step		
1	1	1
2	383	383
3	-	-
4	-	-
5	-	-
6	-	-
NR - Non Rated	7	7
Total Exposure Value	**391**	**391**

Note: Sovereign comprises of Central Governments or Central Banks and Regional Governments or Local Authorities; Other comprises of exposures to Short-Term Claims.

5.3 Market Risk

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.

BAMLI DAC uses a standardised rules maturity based calculation for general market risk.

Table 16 presents a breakdown of BAMLI DAC's market risk under the standardised approach which is made up of the following:

Position Risk

Position Risk is 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 1 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 Risk

FX Risk is the own funds requirement calculated on the open net foreign currency exposure on the balance sheet.

Table 16. Market Risk under the Standardised Approach

(Dollars in Millions)	RWAs	Capital requirements
Outright products		
Interest rate risk (general and specific)	49	4
Foreign exchange risk	31	2
Total	**80**	**6**

5.4 Securitisations

5.4.1 Securitisation Activities

The Company acts as investor, liquidity provider and derivative counterparty to third party securitisations. The Company does not engage in any synthetic securitisation activity.

5.4.2 Regulatory Capital Treatment

BAMLI DAC uses the Standardised Approach to calculate the capital requirements on its securitisation positions. This approach uses rating agency credit ratings to determine risk weights. BAMLI DAC uses ratings from three ECAIs, Moody's, S&P and Fitch.

5.4.3 Accounting Treatment

For accounting purposes BAMLI DAC consolidates Special Purpose Entities ("SPEs") when the substance of the relationship indicates that BAMLI DAC controls them, in accordance with the requirements of IFRS 10: Consolidated Financial Statements. In assessing control all relevant factors are considered including qualitative and quantitative aspects.

Whether the transfer of assets to an SPE in a securitisation transaction is treated as a sale or financing depends on whether the derecognition requirements of IAS 39 Financial Instruments: recognition and measurement are met.

Transactions where substantially all the risks and rewards of the assets are transferred to the SPE are treated as sales of those assets and the assets are derecognised from BAMLI DAC's balance sheet in full.

Assets transferred to an unconsolidated SPE, which fail the 'derecognition' requirements in IAS 39 are treated as financing arrangements and will remain on BAMLI DAC's balance sheet, with a corresponding liability recognised for the proceeds received.

The valuation of retained interests in securitisations where the underlying assets have been derecognised are valued with reference to the market prices of similar portfolios.

5.4.4 Securitisation Exposures

The following tables provide a summary of the outstanding exposures securitised by BAMLI DAC to which BAMLI DAC continues to have exposure as at 31 December 2017.

Table 17. Securitisation Exposure - Analysis by Exposure Type

	2017			
(Dollars in Millions)	Originator Exposure	Investor Exposure	Sponsor Exposure	Total Exposure
Residential Mortgages	-	-	-	-
Commercial Mortgages	-	-	-	-
Loans to Corporates or SMEs	-	-	-	-
Other Assets	-	44	-	44
Total Securitisation Exposure	**-**	**44**	**-**	**44**

Table 18. Securitisation Capital Requirement - Analysis by Exposure Type

	2017			
(Dollars in Millions)	Originator Exposure	Investor Exposure	Sponsor Exposure	Total Exposure
Residential Mortgages	-	-	-	-
Commercial Mortgages	-	-	-	-
Loans to Corporates or SMEs	-	-	-	-
Other Assets	-	8	-	8
Total Securitisation Exposure	**-**	**8**	**-**	**8**

Table 19. Securitisation Exposures and Capital Requirement by CQS

	2017	
(Dollars in Millions)	Exposure	Capital
CQS		
2	18	1
4	26	7
Total Exposure Value	**44**	**8**

5.5 Capital Buffers

The CCYB was introduced through CRD IV and is defined as the amount of CET1 capital BAMLI DAC must hold in accordance with CRD IV as implemented by the CBI. The CCYB is equal to BAMLI DAC's total risk exposure amount multiplied by the weighted average of the CCYB rates that apply to exposures in the jurisdictions where BAMLI DAC'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 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, BAMLI DAC should face the same CCYB rates as domestic institutions on its cross-border exposures under the international reciprocation process. On the 29th of September 2017 the CBI announced the Irish CCYB rate would be maintained at 0%. In terms of other jurisdictions for 2017, the CBI automatically reciprocates the CCYB rates of the countries listed in Figure 6.

No detailed disclosures are made in this respect as management does not consider this risk significant for BAMLI DAC as there were no relevant credit exposures to the countries with non-zero CCYB Rates listed in the table below.

Figure 6. Countries with Non-Zero CCYB Rates

Country	Applicable CCYB rate	Implementation date
Czech Republic	0.5%	1 Jan 2017
Hong Kong	1.25%	1 Jan 2017
Sweden	2%	19 Mar 2017
Slovakia	0.5%	1 Aug 2017
Iceland	1.25%	1 Nov 2017
Norway	2%	31 Dec 2017

5.6 Capital Resources

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

Table 20. Regulatory Capital Resources Reconciliation to Accounting Balance Sheet

(Dollars in Millions)	2017
Balance per Financial Statements	
Ordinary Share Capital	32
Capital Contribution	59
Profit and Loss Account	2,155
Adjustments to Balance Sheet Items for Regulatory Own Funds	
Debit Valuation Adjustment	*(4)*
Prudential Valuation Adjustment	*(3)*
Tier 1 Capital	**2,239**
Tier 2 Capital	**-**
Total Capital Resources (net of deductions)	**2,239**

Further details on the makeup of BAMLI DAC's Capital Resources are shown in Table 21 and Table 22.

Table 21. Capital Instrument Features

	Capital instruments main features template	1	2	3
		CET1	AT1	T2
1	Issuer	Bank of America Merrill Lynch International DAC	N/a	N/a
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a
3	Governing law(s) of the instrument	Irish	N/a	N/a
Regulatory Treatment				
4	Transitional CRR rules	CET1	N/a	N/a
5	Post-transitional CRR rules	CET1	N/a	N/a
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	N/a	N/a
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	$32 million comprising nominal	N/a	N/a
9	Nominal amount of instrument	32,067,010 issued shares @ $1.00	N/a	N/a
9a	Issue price	32,067,010 @ $1.00	N/a	N/a
9b	Redemption price	N/a	N/a	N/a
10	Accounting classification	Shareholders equity	N/a	N/a
11	Original date of issuance	Original allotment Jan 1996 Subsequent allotments Sep 2006 and Mar 2007 and Sep 2017	N/a	N/a
12	Perpetual or dated	Perpetual	N/a	N/a
13	Original maturity date	No maturity	N/a	N/a
14	Issuer call subject to prior supervisory approval	No	N/a	N/a
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a
16	Subsequent call dates, if applicable	N/a	N/a	N/a
Coupons / Dividends				
17	Fixed or floating dividend/coupon	Floating	N/a	N/a
18	Coupon rate and any related index	N/a	N/a	N/a
19	Existence of a dividend stopper	No	N/a	N/a
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a
21	Existence of step up or other incentive to redeem	No	N/a	N/a
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a
23	Convertible or non-convertible	Non-convertible	N/a	N/a
24	If convertible, conversion trigger(s)	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a	N/a
30	Write-down features	No	N/a	N/a
31	If write-down, write-down trigger(s)	N/a	N/a	N/a
32	If write-down, full or partial	N/a	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately	N/a	N/a	N/a
36	Non-compliant transitioned features	No	N/a	N/a
37	If yes, specify non-compliant features	N/a	N/a	N/a

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

Table 22. Own Funds Disclosure Template

Transitional Own Funds Disclosure Template *(Dollars in Millions)*	(A) Amount at Disclosure Date 2017	(B) Regulation (EU) No 575 / 2013 Article Reference
Capital instruments and the related share premium accounts	91	26 (1), 27, 28, 29, EBA list 26 (3)
of which: Ordinary shares with full voting rights	32	EBA list 26 (3)
Retained earnings	2,156	26 (1) (c)
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(1)	26 (1)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,246	
Additional value adjustments (negative amount)	(3)	34, 105
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(4)	33(1) (b), 33(1) (c)
Total regulatory adjustments to Common equity Tier 1 (CET1)	(7)	
Common Equity Tier 1 (CET1) capital	2,239	
Tier 1 capital (T1 = CET1 + AT1)	2,239	
Capital instruments and the related share premium accounts		62, 63
Tier 2 (T2) capital before regulatory adjustments		
Total regulatory adjustments to Tier 2 (T2) capital		
Tier 2 (T2) capital		
Total Capital (TC = T1 + T2)	2,239	
Total Risk Weighted Assets	2,395	
Capital Ratios and Buffers		
Common Equity Tier 1 (as a percentage of risk exposure amount)	93.49%	92 (2) (a), 465
Tier 1 (as a percentage of risk exposure amount)	93.49%	92 (2) (b), 465
Total capital (as a percentage of risk exposure amount)	93.49%	92 (2) (c)
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 the systemically important institution buffer (G-SII or O-SII buffer), expressed as a percentage of risk exposure amount)	5.75%	CRD 128, 129, 130
of which: capital conservation buffer requirement	1.25%	
of which: countercyclical buffer requirement	0.0%	
of which: systemic risk buffer requirement	0.0%	
of which: Global Systemically Important Institution (G-SII) or Other Systemically Important Institution (O-SII) buffer	0.0%	CRD 131
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	85.8%	CRD 128

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 BAMLI DAC

5.7 Leverage

5.7.1 Leverage Approach

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules. The measure of Tier 1 capital used in the computation of the Company's ratio is the same under both transitional and fully phased in definitions of Tier 1 capital per CRD IV.

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

5.7.2 Additional Detail on Leverage Ratio

Table 23. Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

(Dollars in Millions)	Applicable Amounts
Total assets as per published financial statements	5,099
Adjustments for derivative financial instruments	(953)
Adjustments for Securities Financing Transactions "SFTs"	(12)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	140
Other adjustments	(1)
Total leverage ratio exposure	4,273

Table 24. Leverage Ratio Common Disclosure

(Dollars in Millions)	2017
On-Balance Sheet Exposures (excluding derivatives and SFTs)	
On-balance Sheet Items (excluding Derivatives, SFTs and fiduciary assets, but including Collateral)	3,583
Asset Amounts Deducted in Determining Tier 1 Capital	(3)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	**3,580**
Derivative Exposures	
Replacement Cost Associated with Derivatives Transactions (net of Eligible Cash Variation Margin)	1,448
Add-on Amounts for PFE Associated with Derivatives Transactions (Mark-to-Market method)	243
(Deductions of Receivables Assets for Cash Variation Margin provided in Derivatives Transactions)	(1,138)
Total Derivative Exposure	**553**
Securities Financing Transaction Exposures	
Gross SFT Assets (With No Recognition of Netting), after Adjusting for Sales Accounting Transactions	12
(Netted Amounts of Cash Payables and Cash Receivables of Gross SFT Assets)	(12)
Counterparty Credit Risk Exposure for SFT Assets	-
Total Securities Financing Transaction Exposures	-
Off-Balance Sheet Exposures	
Off-balance Sheet Exposures at Gross Notional Amount	276
Adjustments for Conversion to Credit Equivalent Amounts	136
Total Off-Balance Sheet Exposures	**140**
Exempted Exposures	
Capital and Total Exposures	
Tier 1 Capital	2,238
Total Leverage Ratio Exposures	**4,273**
Leverage Ratio	
Leverage Ratio	52.38%
Choice on Transitional Arrangements and Amount of Derecognised Fiduciary Items	
Choice on Transitional Arrangements for the Definition of the Capital Measure	Fully phased-in

Table 25. Split of On-Balance Sheet Exposures (Excluding Derivatives and SFTs)

(Dollars in Millions)	2017
Total on-balance sheet exposures (excluding derivatives and STFs), of which:	**2,445**
Trading book exposures	630
Banking book exposures, of which:	1,815
Exposures treated as sovereigns	*1,320*
Institutions	*63*
Corporate	*68*
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	*364*

6. Additional Information on Remuneration Disclosure

6.1 Remuneration Disclosure

Disclosures of remuneration policies required under Directive ‘Regulation (EU) No 575/2013 of the European Parliament and of the Council, Article 450 are separately published on BAC’s corporate website http://investor.bankofamerica.com/. They should be deemed part of the Pillar 3 Disclosure for BAMLI DAC.

7. Appendices

Appendix 1 – Directors Board Membership and Experience

Director	Experience	No. Of Directorships: Total	No. Of Directorships: Excluding non-commercial and counting group appointments as one
David Guest Independent Non Executive Director	Non-executive director and Audit Committee Chair of EEA Covered Bond Bank Plc, non-executive director at The Lawrence Life Assurance Company Limited and Northern Trust Fiduciary Services (Ireland) Limited. Non-executive director of Bank of America Merrill Lynch International Limited ("BAMLI Ltd"). A former Country Manager with ABN AMRO in Ireland bringing considerable expertise in banking and financial services to the board in addition to a strong focus on corporate governance. Prior to becoming Country Manager, established and developed an international treasury management business for ABN AMRO in the newly established International Financial Services Centre in Dublin. A member of the Institute of Directors in Ireland. Chairman of the Northern Trust Fiduciary Services Board.	14	8
John G Murphy Independent Non Executive Director	Independent non-executive director and Risk Committee Chair of Bank of America Merrill Lynch International DAC, CNP Santander Insurance Europe DAC and CNP Santander Insurance Life DAC. Formerly Country Manager / CEO of the HypoVereinsbank group operations in Ireland between 1989 and 2000. Between 2000 and 2002 led a project team to establish a European Corporate Bank for Intel Corporation. Group Finance Director of the Jacob Fruitfield Food Group between 2002 and 2007. 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. Currently CEO of GDAC Investments Limited, a private investment vehicle, with investments in a private wealth management business and a food manufacturing business.	9	4
Martin Butler EMEA CFO	Joined the organisation in 1988, becoming CFO for European Debt in 1997. Further senior management roles followed, including head of Global Equity ISS and head of European Business Finance. CFO EMEA since the Bank of America - Merrill Lynch merger in 2009, assuming the additional role of International Treasury Executive in 2012. A member of the EMEA Executive Committee. Additional internal board memberships include Merrill Lynch International ("MLI"), ML UK Capital Holdings Limited ("MLUKCH") and BAMLI Ltd.	8	1
Peter Keegan BAMLI DAC Chief Executive Officer	Joined Merrill Lynch in London in 1995. Since joining the firm has held a number of senior positions in London and Dublin in Finance, Risk Management and the Middle Office and was appointed to the Board of Directors of Bank of America Merrill Lynch International Limited Designated Activity Company ("BAMLI DAC") in May 2009. Appointed Chief Executive Officer of BAMLI DAC in 2009 and Country Executive for Ireland. Joined Merrill Lynch in 1995 from IBJ International, London where as Associate Director and Chief Accountant, having previously worked as Financial Controller with Midland Montagu.	4	1
Jeremy Preddy Director	Joined Bank of America, Charlotte in 2000 where he developed, originated and structured transactions in the Global Structured Products group. From 2007-2009 took various senior positions in New York and Chicago. In 2009 he took responsibility for EMEA Global Mortgages Market Risk covering the trading and non-trading businesses. In 2012, he was appointed BAMLI DAC CRO and in 2014 he was appointed to the BAMLI DAC Board.	1	1
Jennifer Taylor Head of EMEA Compliance and EMEA Operational Risk	Joined the organisation in 1997, responsible for the legal coverage of structured finance transactions. Held various General Counsel roles across Asia Pacific (APAC) before assuming the role of General Counsel for all Merrill Lynch businesses in the APAC region. Assumed the role of Chief Administration Officer for Asia in 2006, later being appointed COO of the region before returning to the UK to act as COO in EMEA. Appointed Head of EMEA Compliance and Operational Risk in March 2017. Also a member of the EMEA Executive Committee. Also a board member of MLUKCH.	3	1

Note: This table outlines the directors who served at 27 March 2018.

Appendix 2 – Supplementary Disclosure Templates

Table 26. EU CRB-B Total and Average Net Amount of Exposures

(Dollars in Millions)	Net value of exposures at the end of the period	Average net exposures over the period
Central governments or central banks	1,320	1,340
Institutions	8	342
Corporates	345	192
Exposures in default	-	3
Claims on institutions and corporates with a short-term credit assessment	380	565
Other exposures	7	3
Total standardised approach	2,060	2,445
Total	**2,060**	**2,445**

Table 27. EU CRB-D – Concentration of Exposures by Industry or Counterparty Types

(Dollars in Millions)	Central Governments & Central Banks	Broker Dealer	Bank	Utilities	Energy	Other Financial	Other	**Total**
Central governments or central banks	1,320	-	-	-	-	-	-	**1,320**
Institutions	-	6	-	-	-	2	-	**8**
Corporates	-	1	-	228	44	61	11	**345**
Claims on institutions and corporates with a short-term credit assessment	-	14	366	-	-	-	-	**380**
Other exposures	-	-	-	-	-	7	-	**7**
Total standardised approach	**1,320**	**21**	**366**	**228**	**44**	**70**	**11**	**2,060**
Total	**1,320**	**21**	**366**	**228**	**44**	**70**	**11**	**2,060**

Table 28. EU CRB-C – Geographical Breakdown of Exposures

	Net value												
(Dollars in Millions)	EMEA	Belgium	France	Germany	Ireland	Netherlands	United Kingdom	Other countries	Americas	United States	Other countries	Asia	Total
Central governments or central banks	1,320	158	313	60	473	121	195	-	-	-	-	-	1,320
Institutions	8	-	2	-	-	-	6	-	-	-	-	-	8
Corporates	336	-	228	-	-	-	97	11	8	5	3	1	345
Claims on institutions and corporates with a short-term credit assessment	15	-	-	-	-	-	13	2	365	364	1	-	380
Other exposures	2	-	-	-	-	-	2	-	5	5	-	-	7
Total standardised approach	1,681	158	543	60	473	121	313	13	378	374	4	1	2,060
Total	**1,681**	**158**	**543**	**60**	**473**	**121**	**313**	**13**	**378**	**374**	**4**	**1**	**2,060**

Table 29. EU CRB-E – Maturity of Exposures

	Net exposure value					
(Dollars in Millions)	On demand	<= 1 year	> 1 year <= 5 years	> 5 years	No	Total
Central governments or central banks	-	1,320	-	-	-	1,320
Institutions	6	2	-	-	-	8
Corporates	5	-	-	11	53	69
Claims on institutions and corporates with a short-term credit assessment	366	14	-	-	-	380
Other exposures	-	-	-	-	7	7
Total standardised approach	**377**	**1,336**	**-**	**11**	**60**	**1,784**
Total	**377**	**1,336**	**-**	**11**	**60**	**1,784**

Table 30. EU CR1-A – Credit Quality of Exposures by Exposure Class and Instrument

	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values
(Dollars in Millions)	Defaulted exposures	Non-defaulted exposures					(a+b-c-d-e)
Central governments or central banks	-	1,320	-	-	-	-	1,320
Institutions	-	8	-	-	-	-	8
Corporates	-	345	-	-	-	-	345
Claims on institutions and corporates with a short-term credit assessment	-	380	-	-	-	-	380
Other exposures	-	7	-	-	-	-	7
Total standardised approach	**-**	**2,060**	**-**	**-**	**-**	**-**	**2,060**
Total	**-**	**2,060**	**-**	**-**	**-**	**-**	**2,060**
Of which: loans	-	10	-	-	-	-	10
Of which: Debt securities	-	846	-	-	-	-	846
Of which: Offbalance-sheet exposures	-	276	-	-	-	-	276

Table 31. EU CR1-B – Credit Quality of Exposures by Industry or Counterparty Types

(Dollars in Millions)	Gross carrying values of Defaulted exposures	Gross carrying values of Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+b-c-d-e)
Central Governments & Central Banks	-	1,320	-	-	-	-	1,320
Broker Dealer	-	21	-	-	-	-	21
Bank	-	366	-	-	-	-	366
Utilities	-	228	-	-	-	-	228
Energy	-	44	-	-	-	-	44
Other Financial	-	70	-	-	-	-	70
Other	-	11	-	-	-	-	11
Total	**-**	**2,060**	**-**	**-**	**-**	**-**	**2,060**

Table 32. EU CR1-C – Credit Quality of Exposures by Geography

(Dollars in Millions)	Gross carrying values of Defaulted exposures	Gross carrying values of Non-defaulted exposures	Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+ b -c-d-e)
EMEA	**-**	**1,681**	**-**	**-**	**-**	**-**	**1,681**
Belgium	-	158	-	-	-	-	158
France	-	543	-	-	-	-	543
Germany	-	60	-	-	-	-	60
Ireland	-	473	-	-	-	-	473
Netherlands	-	121	-	-	-	-	121
United Kingdom	-	313	-	-	-	-	313
Other Countries	-	13	-	-	-	-	13
Americas	**-**	**378**	**-**	**-**	**-**	**-**	**378**
United States Of America	-	374	-	-	-	-	374
Other Countries	-	4	-	-	-	-	4
Asia	**-**	**1**	**-**	**-**	**-**	**-**	**1**
Total	**-**	**2,060**	**-**	**-**	**-**	**-**	**2,060**

Table 33. EU CR3 CRM Techniques – Overview

(Dollars in Millions)	Exposures unsecured – Carrying amount	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial	Exposures secured by credit derivatives
Total loans	-	10	-	-	10
Total debt securities	846	621	-	-	621
Total exposures	**846**	**631**	**-**	**-**	**631**
Of which defaulted	-	-	-	-	-

Table 34. EU CR5 Standardised Approach

Exposure classes	Risk weight																Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
Central governments or central banks	1,320	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,320	-
Institutions	-	-	-	-	13	-	-	-	-	-	-	-	-	-	-	-	13	-
Corporates	-	-	-	-	1	-	114	-	-	94	-	-	-	-	-	-	209	94
Institutions and corporates with a short-term credit assessment	-	-	-	-	3	-	377	-	-	-	-	-	-	-	-	-	380	-
Other items	-	-	-	-	-	-	-	-	-	7	-	-	-	-	-	-	7	7
Total	**1,320**	**-**	**-**	**-**	**17**	**-**	**491**	**-**	**-**	**101**	**-**	**-**	**-**	**-**	**-**	**-**	**1,929**	**101**

(Dollars in Millions)

Table 35. EU CCR1 Analysis of CCR Exposure by Approach

(Dollars in Millions)	Notional	Replacement cost/current	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market		1,448	456			1,177	751
Original exposure	-					-	-
Standardised approach		-			-	-	-
IMM (for derivatives and				-	-	-	-
SFTs)				-	-	-	-
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)						-	-
VaR for SFTs						-	-
Total	-	1,448	456	-	-	1,177	751

Table 36. EU CCR2 CVA Capital Charge

(Dollars in Millions)	Exposure value	RWA
Total portfolios subject to the advanced method		
(i) VaR component (including the 3× multiplier)		
(ii) SVaR component (including the 3× multiplier)		
All portfolios subject to the standardised method	827	905
Based on the original exposure method		
Total subject to the CVA capital charge		

Table 37. EU CCR3 Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk

Exposure classes	Risk weight																Total	Of which unrated
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others	Deducted		
Regional government or local authorities	-	-	-	-	-	-	153	-	-	308	-	-	-	-	-	-	461	83
Public sector entities	-	-	-	-	-	-	275	-	-	-	-	-	-	-	-	-	275	-
Institutions	-	-	-	-	2	-	417	-	-	-	-	-	-	-	-	-	419	-
Corporates	-	-	-	-	-	-	-	-	-	18	-	-	-	-	-	-	18	18
Institutions and corporates with a short-term credit assessment	-	-	-	-	-	-	4	-	-	-	-	-	-	-	-	-	4	-
Total	**-**	**-**	**-**	**-**	**2**	**-**	**849**	**-**	**-**	**326**	**-**	**-**	**-**	**-**	**-**	**-**	**1,177**	**101**

(Dollars in Millions)

Table 38. EU CCR5-B Composition of Collateral for Exposures to CCR

	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
(Dollars in Millions)	Segregated	Segregated		
Cash	529	1,195	12	-
Total	**529**	**1,195**	**12**	**-**

Table 39. EU CR4 – Standardised Approach – Credit risk Exposure and CRM effects

(Dollars in Millions)	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
Exposure classes	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	1,320	-	1,320	-	-	0%
Institutions	8	-	13	-	3	20%
Corporates	69	276	69	140	151	72%
Institutions and corporates with a short-term credit assessment	380	-	380	-	189	50%
Other items	7	-	7	-	7	100%
Total	**1,784**	**276**	**1,789**	**140**	**350**	**18%**

Table 40. EU CCR5-A Impact of Netting and Collateral Held on Exposures Values

	Gross positive fair value or net carrying amount	Netting benefits		Netted current credit exposure	Collateral held		Net credit exposure
(Dollars in Millions)		Applied	Not Applied		Used	Not Used	
Derivatives	2,482	(1,034)	(225)	1,448	(470)	(59)	978
SFTs	(12)	12					
Total	**2,470**	**(1,022)**	**(225)**	**1,448**	**(470)**	**(59)**	**978**

Table 41. EU CCR6 Credit Derivatives Exposure

	Credit derivative hedges		Other credit derivatives
(Dollars in Millions)	Protection bought	Protection sold	
Notionals			
Single-name credit default swaps	617		
Total return swaps	139		
Total notionals	**756**		
Fair values			
Positive fair value (asset)	21		
Negative fair value (liability)	-		

Appendix 3 – Index

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Number
431	Scope of disclosure requirements	431(1)	Requirement to publish Pillar 3 disclosures	Section 1.2 Basis of Preparation	7
		431(2)	Firms with permission to use specific operational risk methodologies must disclose operational risk information	Not Applicable	
		431(3)	Institutions shall adopt a formal policy to comply with the disclosure requirements in Part Eight of CRR	Section 1.3 Disclosure Policy	7
		431(4)	Explanation of ratings decision upon request	Not Applicable	
432	Non-material, proprietary or confidential information	432(1)	Institutions may omit information that is not material if certain conditions are respected	Where information is omitted due to materiality this is stated within the document	37, 47
		432(2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected		
		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		
433	Frequency of disclosure	433	Disclosures must be published once a year at a minimum, and more frequently if necessary	Not Applicable	
434	Means of disclosures	434(1)	To include all disclosures in one appropriate medium, or provide clear cross-references	Section 1.3 Disclosure Policy	7, 52
		434(2)	Disclosures made under other requirements (e.g. accounting) can be used to satisfy the Pillar 3 disclosure requirements if appropriate	Not Applicable	
435	Risk management objectives and policies	435(1)(a)-(d)	Objectives and policies for each separate category of risk	Section 4. Risk Management, Objectives and Policy	21
		435(1)(e)	Risk declaration	Section 4.2.5 Risk Governance	25
		435(1)(f)	Risk statement	Section 4.2.2 Risk Profile and Appetite	23
		435(2)(a)	Number of directorships held by Board members	Appendix I – Directors Board Membership and Experience	56
		435(2)(b)	Directors' knowledge, skills and experience	Appendix I – Directors Board Membership and Experience	56
		435(2)(b)-(c)	Board recruitment and diversity policy	Section 4.2.6 Corporate Audit	27
		435(2)(d)-(e)	Risk committees and risk information	Section 4.2.6 Corporate Audit	26
				Figure 4. BAMLI DAC Risk Governance Structure	26
436	Scope of application	436(a)	Name of institution	Section 1.1 Overview and Purpose of Document	5
		436(b)	Basis of consolidation	Section 1.2 Basis of Preparation	6
				EU LI1 – Differences between accounting and regulatory scopes of consolidation and mapping of financial statements with regulatory risk categories	14
				EU LI2 – Main sources of differences between regulatory exposure amounts and carrying values in financial statements	14
				EU LIA – Explanations of differences between accounting and regulatory exposure amounts	14
		436(c)	Impediments to transfer of own funds between parent and subsidiaries	Not Applicable	
		436(d)	Capital shortfalls in any subsidiaries outside the scope of consolidation	Not Applicable	
		436(e)	Use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries	Not Applicable	
437	Own funds	437(1)(a)	Reconciliation of regulatory capital amounts to balance sheet	Table 20: Regulatory Capital Resources Reconciliation to Accounting Balance Sheet	48
		437(1)(b)	Description of the main features of Capital Instruments issued	Table 21: BAMLI DAC Capital Instrument Features	49
		437(1)(c)	Full terms and conditions of Capital Instruments issued		
		437(1)(d)-(e)	Disclosure of prudential filters, deductions, and any restrictions applied to the calculation of own funds	Table 22: Own Funds Disclosure Template	50
		437(1)(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a different basis	Not Applicable	

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Number
438	Capital requirements	438(a)	Approach to assessing adequacy of capital levels	Section 4.4: Internal Capital Adequacy Assessment Process ("ICAAP")	39
		438(b)	Result of ICAAP on demand from authorities.	Not Applicable	
		438(c)	Capital requirement amounts for credit risk for each Standardised approach exposure class.	Table 2: EU OV1 – Overview of RWA Table 12: Counterparty and Credit Risk Minimum Capital Requirement and RWA	12, 43
		438(d)	Capital requirements amounts for credit risk for each Internal Ratings Based Approach exposure class	Not Applicable	
		438(e)	Capital requirements amounts for market risk, settlement risk, or large exposures	Table 2: EU OV1 – Overview of RWA	12
		438(f)	Capital requirement amounts for operational risk		
		438 last paragraph	Requirement to disclose specialised lending exposures and equity exposures in the banking book falling under the simple risk weight approach	Not Applicable	
439	Exposure to counterparty credit risk	439(a)	Discussion of process to assign internal capital and credit limits to CCR exposures	Section 4. Risk Management, Objectives and Policy	21
		439(b)	Discussion of process to secure collateral and establishing reserves		
		439(c)	Discussion of management of wrong-way exposures	4.4 Other Risk Considerations	38
		439(d)	Discussion of collateral to be provided in the event of a ratings downgrade		38
		439(e)	Derivation of net derivative credit exposure	Table 40: EU CCR5-A – Impact of netting and collateral held on exposure values	64
				Table 38: EU CCR5-B – Composition of collateral for CCR exposure	64
		439(e) and (f)	Derivation of derivative exposures and exposure values for applicable counterparty credit risk methods	Table 35: EU CCR1 – Analysis of counterparty credit risk (CCR) exposure by approach	62
				Table 36: EU CCR2 – Credit valuation adjustment (CVA) capital charge	62
		439(g) and (h)	Notional amounts of credit derivatives	Table 41: EU CCR6-A – Credit derivatives exposures	64
		439(i)	Estimate of alpha, if applicable	Not Applicable	
440	Capital buffers	440	Countercyclical buffer	Section 5.5 Capital Buffers	46
441	Indicators of global systemic importance	441	Disclosure of the indicators of global systemic importance	Not Applicable	
442	Credit risk adjustments	442(a)	Definitions of past due and impaired	Not Applicable	
		442(b)	Approaches for calculating specific and general credit risk adjustments		
		442(c)	Total and average net credit risk exposures pre-CRM and by exposure class	Table 26: EU CRB-B – Total and average net amount of exposures Table 30: EU CR1-A – Credit quality of exposures by exposure classes and instruments	57, 59
		442(d)	Geographical breakdown of credit risk exposures pre-CRM and by exposure class	Table 28: EU CRB-C – Geographical breakdown of exposures	58
		442(e)	Industry breakdown of credit risk exposures pre-CRM and by exposure class	Table 27: EU CRB-D – Concentration of exposures by industry or counterparty types	58
		442(f)	Breakdown of credit risk exposures pre-CRM by residual maturity and exposure class	Table 29: EU CRB-E – Maturity of exposures	59
		442(g)	Impaired and past due exposures, specific and general credit risk adjustments, and impairment charges for the period, by industry	Table 31: EU CR1-B – Credit quality of exposures by industry or counterparty types	59
		442(h)	Impaired and past due exposures, and amounts of specific and general credit risk adjustments by geographical area	Table 32: EU CR1-C – Credit quality of exposures by geography	59
		442(i)	Reconciliation of changes in specific and general credit risk adjustments for impaired exposures	Not Applicable	
443	Unencumbered assets	443	Encumbered and unencumbered assets	Section 3.2 Encumbered and Unencumbered Assets	18
444	Use of ECAIs	444(a)	Names of the ECAIs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes	Section 2.2.3 Minimum Capital Requirement Approach	12
		444(b)	Exposure classes associated with each	5.3.1 Counterparty and Credit Risk by Type	42
		444(c)	Description of the process used to transfer credit assessments to non-trading book items	Not Applicable	
		444(d)	Mapping of external rating to CQS	Not Applicable	
		444(e)	Exposure value pre and post-credit risk mitigation, by CQS	Table 34: EU CR5 – Standardised approach Table 37: EU CCR3 – Standardised approach – CCR exposures by regulatory portfolio and risk	61, 62
445	Exposure to market risk	445	Position risk, large exposures, FX, settlement risk, commodities risk and specific interest rate risk of securitisation positions	Table 12: EU MR1 – Market risk under the standardised approach Table 2: EU OV1 – Overview of RWA	42, 12
446	Operational risk	446	Approaches used to calculate own funds requirements for operational risk	Section 2.2.3 Minimum Capital Requirement Approach	12

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447	Exposures in equities not included in the trading book	447	Exposures in equities not included in the trading book	Section 4.4 Other Risk Considerations	38
448	Exposure to interest rate risk on positions not included in the trading book	448	Exposure to interest rate risk on positions not included in the trading book	Section 4.4 Other Risk Considerations	38
449	Exposure to securitisation positions	449(a)	Objectives in relation to securitisation activity	Section 5.4.1 Securitisation Activities	45
		449(b)	Nature of other risks in securitised assets, including liquidity	Not applicable	
		449(c)	Risks in re-securitisation activity from seniority of underlying securitisations and underlying assets		
		449(d)	The different roles played by the institution in the securitisation process	Section 5.4.1 Securitisation Activities	45
		449(e)	Indication of the extent of involvement in roles played		
		449(f)	Processes in place to monitor changes in credit and market risks of securitisation exposures, and how the processes differ for re-securitisation exposures	Section 4.4 Other Risk Considerations - Securitisation Risk Governance and Reporting	39
		449(g)	Description of the institution's policies with respect to hedging and unfunded protection to mitigate the risks of retained securitisation and re-securitisation exposures	Not applicable	
		449(h)	Approaches to the calculation of risk-weighted assets for securitisations	Section 5.4.2 Regulatory Capital Treatment	45
		449(i)	Types of SSPEs used to securitise third-party exposures as a sponsor	Not Applicable	
		449(j)	Summary of accounting policies for securitisations	Section 5.4.3 Accounting Treatment	45
		449(k)	Names of the ECAIs used for securitisations	Section 5.4.2 Regulatory Capital Treatment	45
		449(l)	Description of Internal Assessment Approach where the IRB approach is used	Not applicable	
		449(m)	Explanation of significant changes in quantitative disclosures	Not applicable	
		449(n)	As appropriate, separately for the Banking and trading book securitisation exposures:		
		449(n)(i)	Amount of outstanding exposures securitised	Table 17 – Securitisation Exposure - Analysis by Exposure Type	45
		449(n)(ii)	On balance sheet securitisation retained or purchased, and off balance sheet exposures	Not applicable	
		449(n)(iii)	Amount of assets awaiting securitisation	Not applicable	
		449(n)(iv)	Early amortisation treatment; aggregate drawn exposures, capital requirements	Not applicable	
		449(n)(v)	Deducted or 1,250%-weighted securitisation positions	Not applicable	
		449(n)(vi)	A summary of securitisation activity of the current period, including the amount of exposures securitised and recognised gains or losses on sales	Section 5.4.1 Securitisation Activities	45
		449(o)	Separately for the trading and the non-trading book:		
		449(o)(i)	Retained and purchased positions and associated capital requirements, broken down by risk-weight bands	Table 19 –Securitisation Exposures and Capital Requirements by Credit Quality	46
		449(o)(ii)	Retained and purchased re-securitisation positions before and after hedging and insurance; exposure to financial guarantors broken down by credit worthiness	Not applicable	
		449(p)	Impaired assets and recognised losses related to exposures securitised by the institution and held in the banking book, by exposure type.	Not applicable	
		449(q)	Outstanding exposures securitised by the institution and subject to a capital requirement for market risk, broken down into traditional and synthetic, by exposure type;		
		449(r)	Whether the institution has provided non-contractual financial support to securitisation vehicles	Not Applicable	

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Number
450	Remuneration policy	450	Remuneration Disclosure	Section 6.1 Remuneration Disclosure	53
451	Leverage	451(1)(a)	The leverage ratio, and whether any transitional provisions are applied	Section 2.5.1 Leverage Ratio Summary Table 6: Transitional and Fully Phased-In Leverage Ratio	16
		451(1)(b)	Breakdown of leverage ratio exposure measure and reconciliation to financial statements	Table 23. Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures Table 24. Leverage Ratio Common Disclosure Table 25. Split of On-Balance Sheet Exposures (excluding derivatives and SFTs)	50, 51
		451(1)(c)	Where applicable, the amount of derecognised fiduciary items	Not Applicable	
		451(1)(d)	Description of the processes used to manage the risk of excessive leverage	Section 5.7.1 Leverage Approach	50
		451(1)(e)	Factors that impacted the leverage ratio during the year	Section 2.4.2 Leverage Ratio Key Movements	16
452	Use of the IRB Approach to credit risk	452(a)	Permission for use of the IRB approach from the competent authority	Not applicable	
		452(b)	Explanation of:		
		452(b)(i)	Internal rating scales, mapped to external ratings;		
		452(b)(ii)	Use of internal ratings for purposes other than capital requirement calculations;		
		452(b)(iii)	Management and recognition of credit risk mitigation;		
		452(b)(iv)	Controls around ratings systems.		
		452(c)(i)-(v)	Description of ratings processes for each IRB asset class, provided separately.		
		452(d)	Exposure values by IRB exposure class, separately for Advanced and Foundation IRB.		
		452(e)-(f)	For each exposure class, disclosed separately by obligor grade: Total exposure, separating loans and undrawn exposures where applicable, and exposure-weighted average risk weight.		
		452(g)	Actual specific risk adjustments for the period and explanation of changes.		
		452(h)	Commentary on drivers of losses in preceding period.		
		452(i)	Estimates against actual losses for sufficient period, and historical analysis to help assess the performance of the rating system over a sufficient period.		
		452(j)	For all IRB exposure classes:		
		452(j) (i)-(ii)	Where applicable, PD and LGD by each country where the bank operates.		
453	Use of credit risk mitigation techniques	453(a)	Use of on and off-balance sheet netting	Section 4.3 Key Risk Types; Credit Risk; Loss and Credit Risk Mitigation Activities	30
		453(b)	Collateral valuation management		30
		453(c)	Types of collateral used		31
		453(d)	Main types of guarantor and credit derivative counterparty, and creditworthiness		31
		453(e)	Market or credit risk concentrations within credit mitigation taken		31
		453(f)	Exposure value covered by eligible collateral	Table 33: EU CR3 – CRM techniques – Overview Table 39: EU CR4 – Standardised approach – credit risk exposure and CRM effects	60
		453(g)	Exposures covered by guarantees or credit derivatives		64
454	Use of the Advanced Measurement Approaches to operational risk	454	For institutions using the Advanced Measurement Approaches to operational risk, a description of the use of insurance or other risk transfer mechanisms to mitigate operational risk	Not applicable	

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455	Use of Internal Market Risk Models	455(a)(i)	Characteristics of the market risk models	Not applicable	
		455(a)(ii)	Methodologies used to measure incremental default and migration risk (IRC) and comprehensive risk measure (CRM)		
		455(a)(iii)	Stress testing applied to the portfolios		
		455(a)(iv)	Approaches used for back-testing and model validation		
		455(b)	Scope of the internal model permission		
		455(c)	Policies and procedures for determining trading book classification and compliance with prudential valuation requirements		
		455(d)	Highest, lowest and mean values over the year of VaR, SVaR, IRC and CRM		
		455(e)	Market risk internal model based own funds requirements		
		455(f)	Weighted average liquidity horizon for portfolios covered by internal models for IRC and CRM		
		455(g)	Comparison of end-of-day VaR measures compared with one day changes in the portfolio's value		