

Bank of America Merrill Lynch International Designated Activity Company
Pillar 3 Disclosure for the Quarter Ended 30 June 2019

**Bank of America Merrill Lynch International Designated
Activity Company**

Pillar 3 Disclosure

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1. Overview and Purpose of Document

This document contains the Pillar 3 disclosures as at 30 June 2019 in respect of the capital and risk management of Bank of America Merrill Lynch International Designated Activity Company, (“BAMLI DAC”), an Irish credit institution.

Capital Requirements Directive IV (“CRD IV”), the European Union (“EU”) legislation implementing Basel III, came into effect on 1 January 2014. This mandates the quantity and 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 discloses the information prescribed by these guidelines on a quarterly basis, which includes information on capital adequacy, leverage and liquidity.

For further information on BAMLI DAC’s risk management objectives and policies, liquidity and asset encumbrance, please refer to BAMLI DAC’s annual Pillar 3 disclosure for the year ended 31 December 2018 on Bank of America’s corporate website: <http://investor.bankofamerica.com>.

1.1. BAMLI DAC

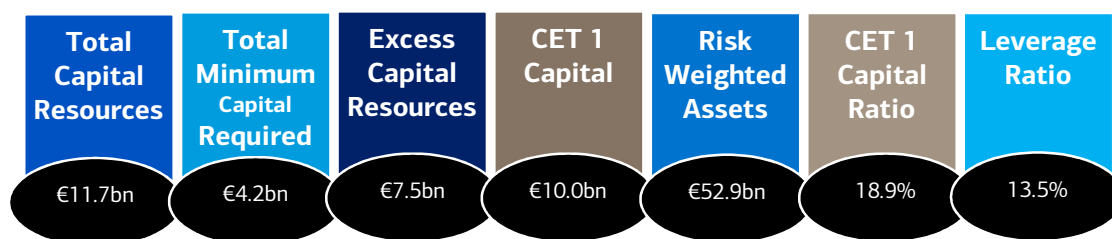
BAMLI DAC is a registered credit institution in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland (“CBI”) and supervised under the single supervisory mechanism (“SSM”). BAMLI DAC is headquartered in Dublin with branches in Amsterdam, Brussels, Frankfurt, London, Madrid, Milan, Paris, Stockholm and Zurich.

BAMLI DAC is a wholly owned subsidiary of Bank of America N.A. (“BANA”) and the ultimate parent continues to be Bank of America Corporation (“BAC”). As at 30 June 2019, BAMLI DAC was rated by Fitch Ratings, Inc (“Fitch”) (AA- / F1+) and by S&P Global (“S&P”) (A+/A-1).

1.2. BAMLI DAC’s Capital Position at 30 June 2019

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 30 June 2019¹



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

2. Basis of Preparation

BAMLI DAC financial statements are prepared in accordance with Irish Companies Law and Generally Accepted Accounting Practices. In accordance with these it applies the recognition and measurement requirements of International Financial Reporting Standards (“IFRS”) that have been adopted in the EU.

The information contained in these disclosures has been prepared in accordance with the Capital Requirement Directive, on a solo basis. All tables included in these disclosures are as at 30 June 2019, with prior quarter end comparable values as at 31 March 2019.

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

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

3. Capital Resources

Capital Resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under Capital Requirements Directive CRD IV, Capital Resources are designated into two tiers, Tier 1 and Tier 2. Tier 1 capital consists of CET1 and Additional Tier 1 (“AT1”). CET1 is the highest quality of capital and typically represents equity and audited reserves; AT1 usually represents contingent convertible bonds; Tier 2 capital typically consists of subordinated debt and hybrid debt capital instruments.

BAMLI DAC adopted IFRS9 for the accounting of financial instruments on 1 January 2018. The introduction of the expected credit loss (“ECL”) model did not result in a material adjustment to equity as at the date of adoption of IFRS9. For this reason, BAMLI DAC is not applying the transitional arrangements for IFRS9.

BAMLI DAC’s Capital Resources of €11.7bn (Q1: €11.9bn) consist of Tier 1 and Tier 2 capital. All of BAMLI DAC’s Tier 1 capital is made up of CET1, and Tier 2 capital is comprised of subordinated debt.

The decrease in capital resources is driven by movements in exchange rates.

Table 1 Regulatory Capital Resources and Ratios Summary

(Euros in Millions)

Common Equity Tier 1 (CET1) Capital	9,968
Additional Tier 1 (AT1) capital	-
Tier 1 Capital (T1 = CET1 + AT1)	9,968
Tier 2 (T2) Capital	1,757
Total Capital (TC = T1 + T2)	11,725
Total Risk Weighted Assets	52,859
Capital Ratios and Buffers	
Common Equity Tier 1 (as a percentage of risk exposure amount)	18.9%
Tier 1 (as a percentage of risk exposure amount)	18.9%
Total Capital (as a percentage of risk exposure amount)	22.2%

4. Minimum Capital Requirement

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

The Minimum Capital Requirement principally comprises of Credit Risk, Counterparty Credit Risk, and Operational Risk requirements. BAMLI DAC has a minimum capital requirement of €4.2bn (Q1: €4.1bn) comprising of the risk requirements outlined in Table 2.

Table 2. Overview of RWAs and Minimum Capital Requirement

	RWAs		Minimum capital requirements
	Q2 2019	Q1 2019	Q2 2019
<i>(Euros in Millions)</i>			
Credit risk (excluding CCR)	39,936	40,187	3,195
Of which the standardised approach	39,936	40,187	3,195
CCR	2,196	1,557	176
Of which mark to market	708	597	57
Of which CVA	1,478	950	118
Of which financial collateral comprehensive method	10	10	1
Securitisation exposures in the banking book (after the cap)	5,276	4,832	422
Of which standardised approach	5,276	4,832	422
Market risk	702	285	56
Of which the standardised approach	702	285	56
Operational risk	4,749	4,810	380
Of which standardised approach	4,749	4,810	380
Total	52,859	51,671	4,229

4.1 Key Movements in the Quarter

BAMLI DAC's Minimum Capital Requirement increase of €0.1bn during the quarter was primarily driven by an increase in Counterparty Credit Risk of €0.05bn, Securitisations of €0.03bn and Market Risk of €0.03bn.

4.2 Minimum Capital Requirement Approach

BAMLI DAC has adopted the standardised approach for calculating Counterparty Credit Risk, Credit Risk, Operational Risk and Market Risk Capital Requirements. In order to adhere to the standardised rules set out in the CRR, BAMLI DAC uses ratings from External Credit Assessment Institutions (“ECAIs”) this includes, Moody’s Investors Service, Inc. (“Moody’s”), S&P and Fitch. ECAI ratings are used where available for all exposure classes.

4.3 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 3 presents a breakdown of BAMLI DAC’s market risk under the standardised approach.

Table 3 Market Risk under the Standardised Approach

<i>(Euros in Millions)</i>	RWAs	Capital requirements
Interest rate risk (general and specific)	592	47
Foreign exchange risk	110	9
Total	702	56

5. Leverage Ratio

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 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 from the second quarter of 2021. BAMLI DAC's leverage ratio is in excess of the proposed minimum at 13.5% (Q1 2019 14.3%).

Table 4 Leverage Ratio Summary

<i>(Euros in Millions)</i>	
Tier 1 Capital	9,968
Total Leverage Ratio Exposures	73,908
Leverage Ratio	13.5%

6. Liquidity Coverage Ratio (“LCR”) Disclosures

6.1 LCR Disclosure Guidelines

BAMLI DAC is subject to the 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.

6.2 LCR Disclosure Template

Table 5 discloses average weighted values of the liquidity buffer, total net cash outflows and the LCR of BAMLI DAC.

Table 5 LCR Disclosure¹

<i>(Euros in Millions)</i>	Total weighted value (average)			
	30-Sep-18	31-Dec-18	31-Mar-19	30-Jun-19
Quarter ending on				
Number of data points used in the calculation of averages	12	12	12	12
Liquidity Buffer	1,110	2,409	5,726	9,608
Total Net Cash Outflows	163	1,061	3,348	5,994
Liquidity Coverage Ratio (%)	733%	780%	641%	488%

¹The 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. The twelve month average LCR of 488% includes 7 months of activity following the Cross Border Merger with Bank of America Merrill Lynch International Limited, which was completed on 1 December 2018. As at 30 June 2019, BAMLI DAC's LCR was 153%.

7. Additional Detail on Capital Resources and Leverage

7.1 Additional Detail on 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. Further details on the composition of BAMLI DAC's capital resources are shown in Tables 7 and 8.

Table 6 Regulatory Capital Resources and Reconciliation to Unaudited Balance Sheet as at 30 June 2019

(Euros in Millions)

Balance per unaudited Financial Statements

Ordinary Share Capital	28
Share Premium	7962
Capital Contribution	52
Profit and Loss Account	2145

Adjustments to Balance Sheet Items for Regulatory Own Funds

Debit Valuation Adjustment	(1)
Prudential Valuation Adjustment	(32)
Part of interim or year-end profit not eligible	(173)
Other intangible assets	(2)
Other Current Year Unaudited (Gains) / Losses	(11)

Tier 1 Capital **9,968**

Tier 2 Capital **1,757**

Total Capital Resources (net of deductions) **11,725**

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Further details on the makeup of BAMLI DAC's capital resources are shown in Tables 7 and 8.

Table 7 BAMLI DAC Capital Instrument Features

Capital instruments main features template		1	2	3
		CET1	T2	T2
1	Issuer	Bank of America Merrill Lynch International DAC	Bank of America Merrill Lynch International DAC	Bank of America Merrill Lynch International DAC
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	Private Placement	Private Placement
3	Governing law(s) of the instrument	Irish	N/a	N/a
Regulatory Treatment				
4	Transitional CRR rules	CET1	T2	T2
5	Post-transitional CRR rules	CET1	T2	T2
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	Solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	Subordinated Loan	Subordinated Loan
8	Amount recognised in regulatory capital (currency in million, as of most recent)	\$32 million comprising nominal	\$1 billion	\$1 billion
9	Nominal amount of instrument	32,067,011 issued shares @ \$1.00	\$1 billion	\$1 billion
9a	Issue price	32,067,011 @ \$1.00	\$1 billion	\$1 billion
9b	Redemption price	N/a	N/a	N/a
10	Accounting classification	Shareholders equity	Liability - amortised cost	Liability - amortised cost
11	Original date of issuance	Original allotment Jan 1996 Subsequent allotments Sep 2006 and Mar 2007 and Sep 2017 and Dec 2018	23-May-16	23-May-16
12	Perpetual or dated	Perpetual	Dated	Dated
13	Original maturity date	No maturity	23-May-27	22-Mar-28
14	Issuer call subject to prior supervisory approval	No	No	No
15	Optional call date, contingent call dates and redemption amount	N/a	No issuer call date. However, may repay before maturity in the event of a Tax Event or a Capital Disqualification Event, subject to prior supervisory approval.	No issuer call date. However, may repay before maturity in the event of a Tax Event or a Capital Disqualification Event, subject to prior supervisory approval.
16	Subsequent call dates, if applicable	N/a	N/a	N/a
Coupons / Dividends				
17	Fixed or floating dividend/coupon	Floating	Floating	Floating
18	Coupon rate and any related index	N/a	3 month LIBOR plus 176bps per annum	3 month LIBOR plus 133bps per annum
19	Existence of a dividend stopper	No	No	No
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	Mandatory	Mandatory
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	Mandatory	Mandatory
21	Existence of step up or other incentive to redeem	No	No	No
22	Noncumulative or cumulative	Non-cumulative	Cumulative	Cumulative
23	Convertible or non-convertible	Non-convertible	Non-convertible	Non-convertible
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	No	No
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 senior to instrument)	Subordinated liability noted in column 2-3	All liabilities except the subordinated liabilities	All liabilities except the subordinated liabilities
36	Non-compliant transitioned features	No	No	No
37	If yes, specify non-compliant features	N/a	N/a	N/a

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

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Table 8 Own Funds Disclosure Template

Common Equity Tier 1 Capital: Instruments and Reserves (Euros in millions)	Amount at Disclosure Date
Capital instruments and the related share premium accounts	8,042
of which: Ordinary shares with full voting rights	28
Retained earnings	2,001
Accumulated other comprehensive income (and other reserves, to include unrealised gains and losses under the applicable accounting standards)	(40)
Common Equity Tier 1 (CET1) capital before regulatory adjustments	10,003
Common Equity Tier 1 (CET1) capital: regulatory adjustments	
Additional value adjustments (negative amount)	(32)
Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	(1)
Other intangible assets	(2)
Total regulatory adjustments to Common equity Tier 1 (CET1)	(35)
Common Equity Tier 1 (CET1) capital	9,968
Tier 1 capital (T1 = CET1 + AT1)	9,968
Tier 2 (T2) capital: Instruments and provisions	
Capital instruments and the related share premium accounts	1,757
Tier 2 (T2) capital	1,757
Total capital (TC = T1 + T2)	11,725
Total risk weighted assets	52,859
Capital ratios and buffers	
Common Equity Tier 1 (as a percentage of risk exposure amount)	18.9%
Tier 1 (as a percentage of risk exposure amount)	18.9%
Total capital (as a percentage of risk exposure amount)	22.2%
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)	7.3%
of which: capital conservation buffer requirement	2.5%
of which: countercyclical buffer requirement	0.3%
Common Equity Tier 1 available to meet buffers (as a percentage of risk exposure amount)	7.3%
Amounts below the thresholds for deduction (before risk weighting)	
Deferred tax assets arising from temporary differences (amount below 10% threshold, net of related tax liability where the conditions in Article 38 (3) are met)	77
Applicable caps on the inclusion of provisions in Tier 2	
Cap on inclusion of credit risk adjustments in T2 under standardised approach	39,995

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7.2 Additional Detail on Leverage Ratio

The leverage ratio for a quarter end is calculated using regulatory capital and balance sheet figures at a point in time. The measure of Tier 1 capital used in the computation of BAML I DAC'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. Tables 9, 10 and 11 below give detailed disclosure of the elements included in the leverage ratio calculation.

Table 9 Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

(Euros in Millions)

Total assets as per balance sheet	56,838
Adjustments for derivative financial instruments	(1,143)
Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	17,926
Other adjustments	286
Total leverage ratio exposure	73,908

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Table 10 Leverage Ratio Common Disclosure

(Euros in Millions)

On-Balance Sheet Exposures (excluding derivatives and SFTs)	
On-balance Sheet Items (excluding Derivatives, SFTs and fiduciary assets, but including Collateral)	50,285
Asset Amounts Deducted in Determining Tier 1 Capital	(32)
Total On-Balance Sheet Exposures (excluding derivatives, SFTs and fiduciary assets)	50,253
Derivative Exposures	
Replacement Cost Associated with Derivatives Transactions (net of Eligible Cash Variation Margin)	1,342
Add-on Amounts for PFE Associated with Derivatives Transactions (Mark-to-Market method)	316
(Deductions of Receivables Assets for Cash Variation Margin provided in Derivatives Transactions)	(1,202)
Total Derivative Exposure	456
Securities Financing Transaction Exposures	
Gross SFT Assets (With No Recognition of Netting), after Adjusting for Sales Accounting Transactions	5,273
Total Securities Financing Transaction Exposures	5,273
Off-Balance Sheet Exposures	
Off-balance Sheet Exposures at Gross Notional Amount	39,418
Adjustments for Conversion to Credit Equivalent Amounts	(21,492)
Total Off-Balance Sheet Exposures	17,926
Exempted Exposures	
Capital and Total Exposures	
Tier 1 Capital	9,968
Total Leverage Ratio Exposures	73,908
Leverage Ratio	
Leverage Ratio	13.5%
Choice on Transitional Arrangements and Amount of Derecognised Fiduciary Items	
Choice on Transitional Arrangements for the Definition of the Capital Measure	Fully phased-in

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Table 11 Split of On-Balance Sheet Exposures (excluding derivatives, SFTs and exempted exposures)

(Euros in Millions)

Total on-balance sheet exposures (excluding derivatives and STFs), of which:	49,083
Trading book exposures	3,847
Banking book exposures, of which:	45,236
Exposures treated as sovereigns	12,586
Exposures to regional governments, MDB, international organisations and PSE not treated as sovereigns	10
Institutions	3,642
Secured by mortgages of immovable properties	2,758
Corporate	19,234
Exposures in default	629
Other exposures (eg equity, securitisations, and other non-credit obligation assets)	6,377

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Appendix – Supplementary Disclosure Templates

Table 12 EU CR1-A – Credit Quality of Exposures by Exposure Class and Instrument

(Euros in Millions)	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges of the period	Net values (a+b-c-d-e)
	Defaulted exposures	Non-defaulted exposures					
Central governments or central banks	-	12,586	-	0	-	-	12,586
Institutions	-	2,112	-	4	-	3	2,108
Corporates	-	55,692	-	87	-	15	55,605
Of which: SMEs	-	41	-	-	-	-	41
Secured by mortgages on immovable	-	2,893	-	1	-	-	2,892
Claims on institutions and corporates with a short-term credit assessment	-	1,478	-	1	-	1	1,477
Equity	-	158	-	-	-	-	158
Other exposures	896	1,022	-	37	-	22	1,881
Total standardised approach	896	75,941	-	130	-	41	76,707
Total	896	75,941	-	130	-	41	76,707
Of which: loans	629	23,879	-	99	-	29	24,409
Of which: Debt securities	-	2,306	-	-	-	-	2,306
Of which: Offbalance-sheet exposures	267	38,463	-	31	-	12	38,699

Table 13 EU CR1-B – Credit Quality of Exposures by Industry or Counterparty Types

(Euros in Millions)	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a +b-c-d-e)
	Defaulted exposures	Non-defaulted exposures					
Sovereign & Government Related	-	12,599	-	0	-	-	12,599
Banking and Financial Companies	-	4,304	-	5	-	4	4,299
Energy and Commodities	75	5,965	-	13	-	(7)	6,028
Industrial and Commercial Companies	575	34,864	-	70	-	34	35,369
Insurance	74	1,796	-	2	-	1	1,867
Other Financial	172	16,413	-	40	-	9	16,545
Other	-	-	-	-	-	-	-
Total	896	75,941	-	130	-	41	76,707

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Table 14 EU CR1-C – Credit Quality of Exposures by Geography

(Euros in Millions)	Gross carrying values of		Specific credit risk adjustment	General credit risk adjustment	Accumulated write-offs	Credit risk adjustment charges	Net values (a+ b -c-d-e)
	Defaulted exposures	Non-defaulted exposures					
EMEA	895	72,322	-	125	-	44	73,092
United Kingdom	238	15,329	-	53	-	27	15,515
France	92	9,298	-	8	-	1	9,382
Netherlands	74	7,949	-	10	-	1	8,013
Germany	5	7,262	-	6	-	4	7,260
Luxembourg	10	6,525	-	4	-	3	6,531
Switzerland	63	3,917	-	2	-	(4)	3,977
Spain	183	3,689	-	4	-	1	3,868
Belgium	-	3,540	-	-	-	-	3,539
Ireland	0	3,029	-	2	-	1	3,028
Italy	70	2,361	-	11	-	(3)	2,420
Other Countries	159	9,423	-	24	-	12	9,558
Americas	1	3,184	-	5	-	(3)	3,179
United States Of America	-	1,611	-	-	-	-	1,611
Other Countries	1	1,573	-	5	-	(3)	1,569
Asia	-	435	-	-	-	-	435
China	-	372	-	-	-	-	372
Other Countries	-	63	-	-	-	-	63
Total	896	75,941	-	130	-	41	76,707

Table 15 EU CR1-D – Ageing of past-due exposures

(Euros in Millions)	Gross carrying values					
	≤ 30 days	> 30 days ≤ 60 days	> 60 days ≤ 90 days	> 90 days ≤ 180 days	> 180 days ≤ 1 year	> 1 year
Loans	1,452	84	1	-	-	-
Debt securities	-	-	-	-	-	-
Total exposures	1,452	84	1	-	-	-

Table 16 EU CR1-E – Non-performing and forborne exposures

(Euros in Millions)	Gross carrying amount of performing and non-performing exposures						Accumulated impairment and provisions and negative fair				Collaterals and financial		
	Of which performing but past due > 30 days and	Of which performing forborne	of which non-performing			On performing exposures		On non-performing exposures		On non-performing exposures	Of which forborne exposures		
			of which defaulted	Of which impaired	of which forborne	Of which forborne	Of which forborne						
Debt securities	2,306	-	-	-	-	-	-	-	-	-	-		
Loans and advances	50,240	84	251	403	395	403	281	66	5	34	29	99	76
Off-balance-sheet exposures	39,602	-	-	266	-	-	-	28	-	3	-	-	-

Table 17 EU CR2-A – Changes in the stock of general and specific credit risk adjustments

(Euros in Millions)	Accumulated specific credit risk adjustment	Accumulated general credit risk adjustment
Opening balance	-	89
Increases due to amounts set aside for estimated loan losses during the period	-	41
Closing balance	-	130

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Table 18 EU CR2-B – Changes in the stock of defaulted and impaired loans and debt securities

<i>(Euros in Millions)</i>	Gross carrying value defaulted exposures
Opening balance	257
Loans and debt securities that have defaulted or impaired since the last reporting period	169
Amounts written off	(23)
Closing balance	403

Table 19 EU CR3 CRM Techniques – Overview

<i>(Euros in Millions)</i>	Exposures unsecured	Exposures to be secured	Exposures secured by collateral	Exposures secured by financial guarantees	Exposures secured by credit derivatives
	Carrying amount				
Total loans	40,962	6,763	2,823	3,931	9
Total debt securities	2,977	252	-	-	252
Total exposures	43,939	7,015	2,823	6,754	261
Of which defaulted	896	-	-	-	-

Table 20 EU CR4 – Standardised Approach – Credit risk Exposure and CRM effects

<i>(Euros in Millions)</i>	Exposures before CCF and CRM		Exposures post CCF and CRM		RWAs and RWA density	
	On-balance-sheet amount	Off-balance-sheet amount	On-balance-sheet amount	Off-balance-sheet amount	RWAs	RWA density
Central governments or central banks	12,585	0	12,585	0	375	3%
Institutions	1,626	487	1,627	292	1,253	65%
Corporates	19,234	36,458	19,234	15,709	32,708	94%
Secured by mortgages on immovable property	2,758	134	2,758	51	2,810	100%
Exposures in default	629	267	629	108	1,105	150%
Institutions and corporates with a short-term credit assessment	438	1,040	438	492	248	27%
Equity	158	-	158	-	395	250%
Other items	677	345	677	344	1,044	102%
Total	38,106	38,731	38,107	16,996	39,936	72%

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Table 21 EU CR5 Standardised Approach

Exposure classes (Euros in Millions)	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	12,009	-	-	-	395	-	-	-	-	104	-	77	-	-	-	-	-	12,585	104
Public sector entities	-	-	-	-	10	-	-	-	-	1	-	-	-	-	-	-	-	11	1
Multilateral development banks	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1	-
Institutions	-	-	-	-	417	-	664	-	-	837	-	-	-	-	-	-	-	1,918	714
Corporates	-	-	-	-	530	-	3,894	-	-	30,250	270	-	-	-	-	-	-	34,944	20,448
Secured by mortgages on immovable property	-	-	-	-	-	-	-	-	-	2,810	-	-	-	-	-	-	-	2,810	2,810
Exposures in default	-	-	-	-	-	-	-	-	-	-	736	-	-	-	-	-	-	736	653
Institutions and corporates with a short-term credit assessment	-	-	-	-	809	-	71	-	-	50	-	-	-	-	-	-	-	930	-
Equity	-	-	-	-	-	-	-	-	-	-	-	158	-	-	-	-	-	158	158
Other items	-	-	-	-	-	-	-	-	-	946	63	-	-	-	-	-	-	1,009	926
Total	12,010	-	-	-	2,161	-	4,629	-	-	34,998	1,069	235	-	-	-	-	-	55,102	25,814

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Table 22 EU CCR1 Analysis of CCR Exposure by Approach

(Euros in Millions)	Notional	Replacement cost/current	Potential future credit exposure	EEPE	Multiplier	EAD post CRM	RWAs
Mark to market	-	1,369	619	-	-	1,039	708
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)	-	-	-	-	-	47	10
VaR for SFTs	-	-	-	-	-	-	-
Total	-	1,369	619	-	-	1,086	718

Table 23 EU CCR2 CVA Capital Charge

(Euros 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	840	1,478
Based on the original exposure method		
Total subject to the CVA capital charge		

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Table 24 EU CCR3 Standardised Approach – CCR Exposures by Regulatory Portfolio and Risk

Exposure classes (Euros in Millions)	Risk weight															Total	Of which unrated		
	0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others			Deducted	
Regional governments or local authorities	-	-	-	-	-	-	87	-	-	297	-	-	-	-	-	-	-	384	70
Public sector entities	-	-	-	-	-	-	119	-	-	-	-	-	-	-	-	-	-	119	-
Institutions	-	-	-	-	34	-	362	-	-	-	-	-	-	-	-	-	-	396	1
Corporates	-	-	-	-	-	-	1	-	-	114	-	-	-	-	-	-	-	115	43
Institutions and corporates with a short-term credit assessment	-	-	-	-	68	-	4	-	-	-	-	-	-	-	-	-	-	72	-
Total	-	-	-	-	102	-	573	-	-	411	-	-	-	-	-	-	-	1,086	114

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Table 25 EU CCR5-A Impact of Netting and Collateral Held on Exposures Values

(Euros in Millions)	Gross positive fair value or net carrying amount	Netting benefits		Netted current credit exposure	Collateral held		Net credit exposure
		Applied	Not Applied		Used	Not Used	
Derivatives	2,136	(768)	(21)	1,368	(552)	(33)	816
SFTs	5,273	-	-	-	(5,226)	(152)	47
Total	7,409	(768)	(21)	1,368	(5,777)	(185)	863

Table 26 EU CCR5-B Composition of Collateral for Exposures to CCR

(Euros in Millions)	Collateral used in derivative transactions		Collateral used in SFTs
	Fair value of collateral	Fair value of posted	Fair value of collateral
	Segregated	Segregated	received
Cash	585	1,209	5,378
Total	585	1,209	5,378

Table 27 EU CCR6 Credit Derivatives Exposure

(Euros in Millions)	Credit derivative hedges		Other credit derivatives
	Protection bought	Protection sold	
Notionals	-	-	-
Single-name credit default swap:	1,830	-	-
Index credit default swaps	-	-	-
Total return swaps	109	-	-
Credit options	-	-	-
Other credit derivatives	-	-	-
Total notionals	1,939	-	-
Fair values	-	-	-
Positive fair value (asset)	45	-	-
Negative fair value (liability)	41	-	-