

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

Pillar 3 Disclosure

For the Quarter Ended 30 September 2018

Bank of America Merrill Lynch International Designated Activity Company

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1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 30 September 2018 of Bank of America Merrill Lynch International Designated Activity Company (“BAMLI DAC” or the “Company”), an Irish banking organisation.

The Central Bank of Ireland (“CBI”) has determined that all Less Significant Institutions (“LSI”) are required to apply the European Banking Authority (“EBA”) Guidelines on disclosure requirements under Part Eight of Regulation (EU) No 575/2013 in full with proportionality addressed via the nature, scale and complexity of the reporting institution.

BAMLI DAC is a Less Significant Institution according to the European Central Bank’s definition and as such has determined that it is appropriate to disclose the information prescribed by these guidelines on a quarterly basis. This document contains these disclosures, which includes information on capital adequacy and leverage. 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 2017 on Bank of America’s corporate website:

<http://investor.bankofamerica.com>

1.1 BAMLI DAC

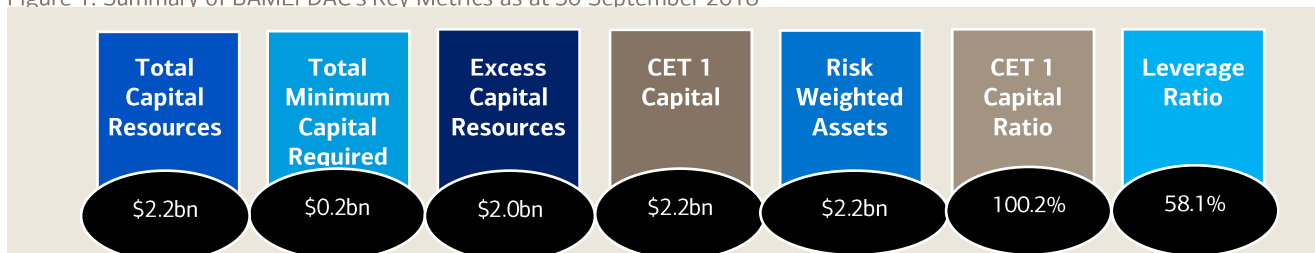
BAMLI DAC is a registered bank in the Republic of Ireland which is authorised and regulated by the CBI. BAMLI DAC is headquartered in Dublin with a branch in London.

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 30 September 2018, BAMLI DAC was rated by Fitch Ratings, Inc (“Fitch”) (A+ / F1).

1.2 BAMLI DAC’s Capital Position at 30 September 2018

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 September 2018



Note: All 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

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 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 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 Enterprise. Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks. Any financial information included herein is unaudited.

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

Transitional Impact of IFRS9

IFRS9 addresses the classification, measurement and recognition of financial assets and financial liabilities. It replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial 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, no disclosures for the transitional impact of IFRS9 are made in this document.

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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.

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.

Table 1. Regulatory Capital Resources and Ratios Summary

(Dollars in Millions)	Q3 2018
Common Equity Tier 1 (CET1) capital before regulatory adjustments	2,246
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	(6)
Common Equity Tier 1 (CET1) Capital	2,240
Additional Tier 1 (AT1) capital	-
Tier 1 Capital (T1 = CET1 + AT1)	2,240
Tier 2 (T2) Capital	-
Total Capital (TC = T1 + T2)	2,240
Total Risk Weighted Assets	2,235
Common Equity Tier 1 (as a percentage of risk exposure amount)	100.2%
Tier 1 (as a percentage of risk exposure amount)	100.2%
Total Capital (as a percentage of risk exposure amount)	100.2%

4. Minimum Capital Requirement

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

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

Table 2. Overview of RWAs and Minimum Capital Requirement

(Dollars in Millions)	RWAs		Minimum capital requirements
	Q3 2018	Q2 2018	Q3 2018
Credit risk (excluding CCR)	199	264	16
Of which the standardised approach	199	264	16
CCR	1,658	1,421	133
Of which mark to market	637	619	51
Of which CVA	1,021	802	82
Securitisation exposures in the banking book (after the cap)	206	20	16
Of which standardised approach	206	20	16
Market risk	57	72	5
Of which the standardised approach	57	72	5
Large exposures	-	93	-
Operational risk	115	115	9
Of which standardised approach	115	115	9
Total	2,235	1,985	179

4.1 Key Movements in the Quarter

BAMLI DAC’s Minimum Capital Requirement increased during the quarter primarily driven by an increase in Counterparty Credit Risk (Credit Valuations Adjustment (“CVA”) capital requirements).

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.

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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 on 1 January 2021. BAMLI DAC's leverage ratio is in excess of the proposed minimum at 58.1%.

Table 3. Leverage Ratio Summary

(Dollars in Millions)	Q3 2018
Tier 1 Capital	2,240
Total Leverage Ratio Exposures	3,854
Leverage Ratio	58.1%

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

Table 4. LCR Disclosure

(Dollars in Millions)	Total weighted value (average)			
Quarter ending on	31-Dec-17	31-Mar-18	30-Jun-18	30-Sep-18
Number of data points used in the calculation of averages	12	12	12	12
Liquidity Buffer	1,332	1,328	1,316	1,320
Total Net Cash Outflows	353	331	262	194
Liquidity Coverage Ratio (%)	524%	477%	595%	733%

Notes:

1) 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.

2) As stated in the Q1 & Q2 2018 Pillar 3 disclosure, 2017 quarter end comparatives for total net cash outflows and Liquidity Coverage Ratio have been restated, reflecting additional outflows identified within derivatives.