Bank of America Merrill Lynch International Limited

Pillar 3 Disclosure

For the Quarter Ended 31 March 2018

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 31 March 2018 of Bank of America Merrill Lynch International ("BAMLI" or "the Company") and its subsidiaries (together "the Group").

In accordance with the European Banking Authority ("EBA") guidelines on materiality, proprietary and confidentiality and on disclosure frequency relating to Pillar 3 disclosures ("the Guidelines"), BAMLI 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's risk management objectives and policies, liquidity and asset encumbrance, please refer to BAMLI'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 Ltd

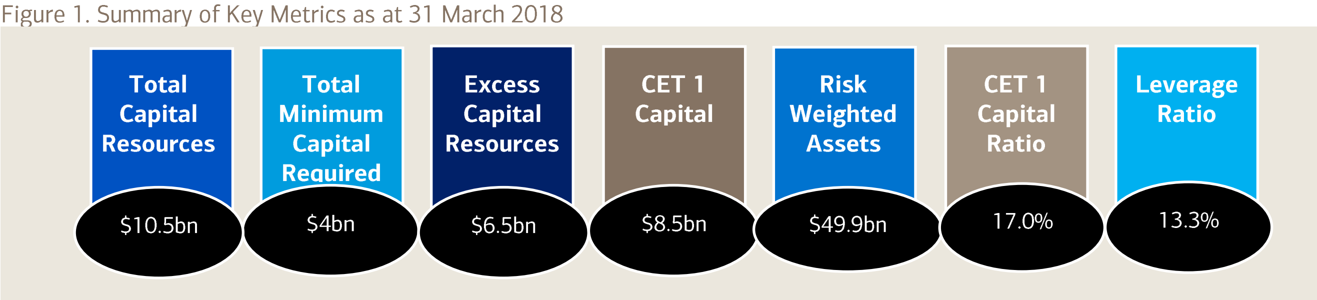
BAMLI Ltd is a wholly owned subsidiary of Bank of America, National Association, ("BANA") and its ultimate parent is Bank of America Corporation ("BAC" or the "Enterprise"). BAMLI Ltd.'s activities form part of BAC's Global Banking and Markets operations in Europe, Middle East and Africa ("EMEA"). Clients include large multinational groups, financial institutions, governments and government entities.

BAMLI Ltd.'s head office is in the United Kingdom with branches in Amsterdam, Brussels, Dublin, Frankfurt, Madrid, Milan, Paris and Zurich. The Company has the ability to trade throughout the European Economic Area ("EEA") and conduct business with international clients. BAMLI Ltd is registered as a bank in the United Kingdom and is authorised and regulated by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA"). The Company's branches are authorised and regulated by the PRA. As at 31 March 2018, BAMLI Ltd was rated by Fitch Ratings, Inc ("Fitch") (A / F1) and Standard & Poor's ("S&P") (A+ / A-1).

1.2 BAMLI Ltd.'s Capital Position at 31 March 2018

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

Figure 1. Summary of Key Metrics as at 31 March 2018



Note: All of BAMLI'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 this Pillar 3 disclosure has been prepared in accordance with the Basel III rule framework, on a consolidated basis, for the purpose of explaining the basis on which BAMLI Ltd has prepared and disclosed certain information about the application of regulatory capital adequacy rules and concepts. It therefore does not constitute any form of financial statement of BAMLI Ltd or its subsidiaries, nor of the wider Enterprise, and as such, is not 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 Group, the Company or the Enterprise. Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks. Any financial information included herein is unaudited.

BAMLI Ltd has one operating subsidiary which is an ancillary service undertaking, and several other immaterial subsidiaries which are in liquidation. For the purpose of this document, disclosures are based on the consolidated group consisting of BAMLI Ltd (including branches) and its subsidiaries, because separate disclosure of BAMLI Ltd as the company alone is not regarded as materially different.

Transitional Impact of IFRS9

IFRS9 addresses the classification, measurement and recognition of financial assets and financial liabilities. Its replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments.

BAMLI Ltd had an impairment reserve of \$0.3bn under IAS39 as at 31 December 2017. Upon adoption of IFRS9 on 1 January 2018, BAMLI Ltd had an expected credit loss ("ECL") reserve of \$0.2bn. The release of the reserve is captured in unaudited retained earnings, the benefit will be reflected in CET1 when audited 2018 retained earnings are recognised.

There was no material movement in ECL in Q1 so based on materiality no further disclosures for the transitional impact of IFRS9 are made in this document.

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 Ltd.'s Capital Resources consist of Tier 1 and Tier 2 capital. All of BAMLI Ltd.'s Tier 1 capital is made up of CET1. BAMLI Ltd.'s Tier 2 capital is comprised of subordinated debt. Table 1 shows a breakdown of the capital resources of BAMLI Ltd.

Table 1. Regulatory Capital Resources and Ratios Summary

(Dollars in Millions)	Q1 2018
Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,538
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	(33)
Common Equity Tier 1 (CET1) Capital	**8,505**
Additional Tier 1 (AT1) capital	-
Tier 1 Capital (T1 = CET1 + AT1)	**8,505**
Tier 2 (T2) Capital	2,000
Total Capital (TC = T1 + T2)	**10,505**
Total Risk Weighted Assets	**49,916**
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.0%
Tier 1 (as a percentage of risk exposure amount)	17.0%
Total Capital (as a percentage of risk exposure amount)	21.0%

4. Minimum Capital Requirement

BAMLI Ltd is subject to Minimum Capital Requirement set out in the Capital Requirements Regulation ("CRR") and the PRA requirements in order to meet its individual capital guidance. BAMLI Ltd is required to hold capital in addition to its minimum capital requirement to meet its CRD IV buffers and local PRA obligations.

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

Table 2. Overview of RWAs and Minimum Capital Requirement

	RWAs		Minimum capital requirements
(Dollars in Millions)	Q1 2018	Q4 2017	Q1 2018
Credit risk (excluding CCR)	**41,844**	**39,010**	**3,348**
Of which the standardised approach	41,844	39,010	3,348
CCR	**78**	**139**	**6**
Of which mark to market	24	18	2
Of which: master netting agreements for credit risk mitigation (for SFTs)	43	113	3
Of which CVA	11	8	1
Securitisation exposures in the banking book (after the cap)	**2,943**	**2,780**	**235**
Of which standardised approach	2,943	2,780	235
Market risk	**288**	**257**	**23**
Of which the standardised approach	288	257	23
Operational risk	**4,763**	**4,030**	**381**
Of which standardised approach	4,763	4,030	381
Total	**49,916**	**46,216**	**3,993**

4.1 Key Movements in the Quarter

BAMLI Ltd.'s Minimum Capital Requirement increased during the quarter by $0.3bn.

The increase was primarily driven by growth in the Group's core business in the quarter, predominately as a result of new business which resulted in increases in Credit Risk requirements.

BAMLI Ltd utilises the standardised approach for calculating Market Risk, Credit Risk and Operational Risk capital requirements. In order to adhere to the standardised rules set out by the PRA, BAMLI Ltd uses external ratings based on a combination of ratings provided by Moody's Investors Service, Inc ("Moody's"), S&P and Fitch.

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 Ltd.'s ratio is in excess of the proposed minimum at 13.3%.

Table 3. Leverage Ratio Summary

(Dollars in Millions)	**Q1 2018**
Tier 1 Capital	8,505
Total Leverage Ratio Exposures	63,896
Leverage Ratio	13.3%

6. Liquidity Coverage Ratio ("LCR") Disclosure

BAMLI Ltd is subject to the LCR, which requires BAMLI Ltd 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.

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

Table 4. LCR Disclosure

(Dollars in Millions)	**BAMLI**			
	Total weighted value (average)			
Quarter ending on	**30-Jun-17**	**30-Sep-17**	**31-Dec-17**	**31-Mar-18**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**
Liquidity Buffer	6,996	7,458	7,944	8,278
Total Net Cash Outflows	4,465	4,985	5,286	5,817
Liquidity Coverage Ratio (%)	162%	155%	156%	144%

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.