



UK PILLAR 3 REMUNERATION DISCLOSURES

Performance Year ended 31 December 2018

Pillar 3 Public Disclosures for Performance Year 2018

Introduction

The following remuneration disclosure sets forth a summary of the remuneration principles and programs operated by Bank of America Corporation (“Bank of America” or the “Company”) as applicable to Merrill Lynch International (including its branches) and Bank of America, N.A. London Branch as at 31 December 2018. This document incorporates the qualitative disclosure requirements under paragraphs (a) to (f) of Article 450(1) of the Capital Requirements Regulation (Regulation (EU) No 575/2013 – the “CRR”), and the quantitative disclosure requirements under paragraphs (g) to (i) of Article 450(1) of the CRR.

The disclosures relate to staff of the above entities, identified as material risk takers (“MRTs”), taking into account the qualitative and quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile developed by the European Banking Authority contained in Commission Delegated Regulation (EU) No 604/2014.

The Company applies prudent risk management practices to its incentive remuneration programs across the enterprise and is committed to a remuneration governance structure that effectively contributes to its overall risk management policies.

In order to provide an appropriate balance of risk and reward, incentive remuneration plans are developed in accordance with the Company’s Global Compensation Principles:

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

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

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

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

These principles work in conjunction with broader remuneration practices, including the Company’s overall commitment to pay for performance, remuneration policies and risk management processes set forth in the Company’s Risk Framework and Risk Appetite Statement.

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

The Company applies its remuneration policy on a global basis and has four primary levels for the governance of incentive remuneration plans:

- (i) the Board of Directors (the “Board”),
- (ii) the Board of Directors Compensation and Benefits Committee (the “Committee”), which is wholly made up of independent directors and functions as the Company’s global Remuneration Committee,
- (iii) the Management Compensation Committee (“MCC”), and
- (iv) governance by line of business management and independent control functions aligned to the line of business and local governance (remuneration) committee(s).

The Committee oversees the establishment, maintenance and administration of the Company’s remuneration programs and employee benefit plans, including approving the remuneration of the direct reports of the Chief Executive Officer (the “CEO”) and approving and recommending the remuneration

of the CEO to the Board for its further approval. Under supervision of the Committee, oversight, review and responsibility for remuneration decision-making is allocated to the appropriate level of the Company's structure so that the most relevant level of management makes remuneration decisions with documented input from the Company's independent control functions.

The Committee has adopted and annually reviews (most recently in September 2018) the Bank of America Compensation Governance Policy ("CGP") to govern incentive remuneration decisions and define the framework for design oversight of incentive remuneration programs across the Company. The CGP is designed to be consistent with global regulatory initiatives so that the Company's incentive remuneration plans do not encourage excessive risk-taking.

The Committee receives, from time to time, direct feedback from the independent control functions on remuneration programs. For performance year 2018, in addition to reviewing the individual incentive remuneration awards for executive officers and other senior executives who report directly to the CEO, the Committee also reviewed the outcomes of the Company's robust control function feedback process, conduct reviews and individual incentive remuneration awards for certain highly compensated employees and MRTs. As part of its governance routine, the Committee met with the heads of the Company's independent control functions (including the Chief Risk Officer ("CRO")) and business lines to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, the Company's CRO also certifies all incentive plans across the Company as part of the MCC's governance process.

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

As authorized under its charter, the Committee has engaged Farient Advisors, LLC as its independent remuneration consultant. The independent remuneration consultant meets regularly with the Committee outside the presence of management and alone with the Committee Chair, and also reviews management's incentive plan certifications with the Committee.

During performance year 2018, the Committee held seven (7) meetings. Additional information regarding the Committee is included in the annual Proxy Statement available on Bank of America's Investor Relations website.

The Link Between Pay and Performance

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

In addition, the Company does not remunerate or assess employees' performance in a way that encourages employees to act in a manner that conflicts with the duties owed to the Company's clients. Each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviors, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on Company-wide, line of business, or product results. Qualitative performance objectives may include quality and sustainability

of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to risk framework and operating principles and other core values of the Company.

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

The Company's pay-for-performance program also requires that all employees complete annual mandatory risk and compliance training.

Risk Management and Incentive Plans

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

Executive management develops for Board approval the Company's Risk Framework, which defines the accountability of the Company and its employees in managing risk; the Company's Risk Appetite Statement, which defines the parameters under which the Company will take risk; and the Company's strategic and financial operating plans. Management monitors, and the Board oversees directly and through its committees, the Company's financial performance, execution against the strategic and financial operating plans, compliance with the risk appetite metrics and the adequacy of internal controls.

The Company believes that prudent risk management practices are applied to its incentive remuneration programs across the enterprise. The Company continually evaluates the design of its remuneration programs in accordance with the risk framework. The Committee is committed to a remuneration governance structure that effectively contributes to the Company's broader risk management policies.

The Company's incentive plans are designed to compensate employees based on their performance ratings for results against their individual performance plan and behaviors, as well as overall Company and line of business performance.

Incentive plan bonus pools are based on profit measures, which inherently recognize certain underlying risk factors and are further adjusted to reflect the use of capital associated with individual lines of business or products and/or the quality and sustainability of earnings over time. The determination of incentive plan bonus pools is also subject to management discretion which operates so proper account is taken of the performance of the overall Company, individual lines of business, products and other factors including the achievement of strategic objectives.

Incentive plan bonus pools may be adjusted to reflect long-term risk arising through line of business and product performance. These pools are tied to the overall performance, inclusive of risk, of Bank of America and/or specific lines of business or products, creating for employees a vested interest in profitable performance across the Company and its businesses.

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

The remuneration of the independent control functions is determined independently from the line of business supported. The funding of the incentive pool for these employees is based upon overall Company performance with the actual employee awards determined based upon individual performance against predetermined objectives.

Employee Pay

Bank of America compensates its employees using a balanced mix of fixed remuneration, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the higher an employee's management level or amount of incentive compensation award, the greater the proportion of incentive compensation should be (i) subject to deferral and (ii) delivered in the form of equity-based compensation. Fixed remuneration mainly consists of base salary, employer pension and benefits contributions and, for certain employees, role-based allowances. Base salary and role-based allowance levels reflect each employee's scope of responsibility, experience, market pressures and accountability within the Company and are intended to be part of a competitive total remuneration package. Employer pension and benefits contributions align to local market practice and legal requirements. The portion of employees' remuneration that is variable, i.e., cash incentives and deferred incentives, as a percentage of total remuneration, generally increases for more senior positions. The remuneration mix is reviewed annually so that the Company operates a balanced and market-competitive program while in compliance with local regulations.

The Company believes equity-based awards are the simplest, most direct way to align employee interests with those of its stockholders. A portion of incentive awards is provided as a deferred incentive that generally becomes earned and payable over a period of three years after grant, increasing to five or seven years for certain MRTs. Deferred incentives will be cancelled in case of detrimental conduct and (for certain risk-takers) may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. Where applicable, the length of deferral is extended to reflect local regulatory requirements. This approach serves two key objectives, which are to focus employees on long-term sustainable results and to subject remuneration awards to risk over an appropriate time horizon that can be easily communicated and understood.

Bank of America offers guaranteed bonus payments only in exceptional circumstances to newly hired employees, limited to the first year of employment. Where required, the Company structures severance payments in accordance with relevant employment law or regulatory requirements.

Material Risk Taker Pay

The Company operates an enterprise-wide approach in the identification of MRTs. MRTs are employees whose professional activities have a material impact on the risk profile of the Company's operations in the EU and are identified by taking into consideration local regulatory requirements. In the EU, the Company layers into its enterprise process the qualitative and quantitative criteria outlined in the EBA's Regulatory Technical Standards for the identification of MRTs (the "RTS") as well as additional criteria identified by the Company through internal governance routines. MRTs are determined based on the role and activities of the employee taking into consideration the size, internal organization and nature, scope and complexity of the Company's activities and on the criteria in the RTS.

In accordance with Article 94(1)(g) of the Capital Requirements Directive 2013/36/EU ("CRD IV"), the Company has obtained approvals from relevant stockholders to increase the maximum ratio of variable compensation to fixed compensation to 200% for each individual. This was passed unanimously by relevant group holding companies in December 2014 and January 2016.

Variable pay for MRTs generally consists of a mixture of upfront (delivered in cash or restricted stock units ("RSUs")) and deferred payments. Deferred awards are delivered in the form of equity-based awards, typically in the form of RSUs which become earned and payable over a period of three, five or seven years after grant (as appropriate) with, for MRTs, each tranche being subject to a further six or

twelve month holding period (as required) following vesting. Deferred awards do not carry dividend equivalents during the deferral period, as required under relevant regulations.

The Company applies a de minimis concession as appropriate under relevant regulations. For MRTs, the Company applies deferral percentages which are no less than, and in many cases in excess of, what is required under relevant regulations.

Deferred awards will be cancelled in the case of detrimental conduct and may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to Company standards or fails to meet the criteria set out in CRD IV, the value of the deferred equity award may be impacted or adjusted downwards, and/or vested amounts may be clawed back. The recommendations for performance year 2018 incentive awards for MRTs were reviewed by the Committee in January 2019.

By combining deferred awards with the Company's malus and clawback provisions, including the criteria set out in CRD IV, the Company considers that it places a strong focus on sustainable long-term results and appropriate behaviors.

Disclosure Tables

This section contains the aggregated quantitative information required under paragraphs (g) to (i) of Article 450(1) of the CRR in relation to performance year 2018, as applicable to Merrill Lynch International (including its branches) and Bank of America, N.A. London Branch¹.

All remuneration data is shown in EUR 000s².

2018 Total Remuneration³

	Senior Management		Other MRTs		
	Supervisory, Management Body ⁴	Other Senior Management ⁵	Global Banking and Markets	Independent Control Functions	Corporate Functions
Number of Staff	10	11	365	26	13
Total remuneration	16,339	27,551	358,291	12,072	7,683
Fixed remuneration ⁶	8,887	16,071	207,034	6,301	3,456
Variable remuneration ⁷	7,452	11,481	151,257	5,771	4,227
Upfront cash	1,517	2,437	18,503	1,469	1,200
Vested RSUs	1,517	2,437	16,525	1,156	1,186
Deferred equity-based awards	4,418	6,607	116,229	3,146	1,841

Deferred Remuneration⁸

	Senior Management		Other MRTs		
	Supervisory, Management Body	Other Senior Management	Global Banking and Markets	Independent Control Functions	Corporate Functions
Unvested at 1 January 2018	30,145	40,942	373,612	9,945	5,573
Awarded in 2018	7,400	10,678	115,502	3,023	1,639
Vested and paid in 2018	13,081	18,683	188,832	4,623	2,900
Vested and unpaid in 2018	-	-	70	-	-
Performance adjustment reductions in 2018	-	-	-	-	-
Unvested at 31 December 2018	16,397	32,938	289,730	8,344	4,312
Awarded in February 2019	5,572	7,818	130,191	3,475	1,996

Sign On and Severance Payments⁹

	Senior Management		Other MRTs		
	Supervisory, Management Body	Other Senior Management	Global Banking and Markets	Independent Control Functions	Corporate Functions
Total sign on payments	-	-	797	-	-
Number of payees	0	0	1	0	0
Total severance payments	-	-	2,530	-	-
Number of payees	0	0	18	0	0
Highest single severance payment	-	-	273	-	-

2018 Total Remuneration³ Above EUR 1 million

Total Remuneration Range	Number of MRTs
EUR 1 million to EUR 1.5 million	66
EUR 1.5 million to EUR 2 million	30
EUR 2 million to EUR 2.5 million	17
EUR 2.5 million to EUR 3 million	7
EUR 3 million to EUR 3.5 million	4
EUR 3.5 million to EUR 4 million	3
EUR 4 million to EUR 4.5 million	5
EUR 4.5 million to EUR 5 million	1
Over EUR 5 million	4

Notes

- The UK disclosure includes MRTs identified for Merrill Lynch International and Bank of America N.A. London Branch, capturing employees in the UK, Sweden and U.A.E. Due to a cross-border merger on 1 December 2018, those MRTs of Bank of America Merrill Lynch International Limited who became employees of Bank of America Merrill Lynch International Designated Activity Company (an Irish regulated entity) are not included within the scope of this disclosure, and those MRTs of Bank of America Merrill Lynch International Limited who became employees of Merrill Lynch International and Bank of America N.A. London Branch are included in the scope of this disclosure for performance year 2018.
- EUR:USD FX Rate 1.1926618.
- Where applicable, for employees who held roles with more than one regulated entity, the relevant portions of performance year 2018 remuneration within the scope of this disclosure are shown.
- Comprises Non-Executive and Executive Directors.
- Comprises Senior Managers under the Senior Manager's Regime, excluding the Supervisory and Management Body.
- Comprises base salaries, allowances and an estimate for pensions and benefits as relevant. Additionally, a limited number of MRTs receive on-going ex-patriate assignment allowances.
- Awarded in February 2019 for performance year 2018. Comprises upfront awards (cash and RSUs) and deferred equity-based awards. Severance payments are shown separately.
- Amounts of deferred remuneration are shown in full, including for employees who held roles with more than one regulated entity during performance year 2018. Stock price for deferred remuneration value calculations: USD 29.11 as at 15 Feb 2019. All deferred remuneration is subject to performance adjustment provisions.
- Awarded during 2018. Sign-on figures comprises guarantee payments which are only made in exceptional circumstances to new hires and limited to first year of employment.