BofA CANADA BANK

Basel II Pillar 3 Remuneration Disclosures

As at 31st December 2012

Pillar 3 Remuneration Disclosures for Performance Year 2012

Introduction

These disclosures are made pursuant to Office of Superintendent of Financial Institutions ("OSFI") requirements issued December 1, 2011. The following information has been prepared in accordance with the qualitative disclosures required by the Pillar 3 Disclosure Requirements for Remuneration (Pillar 3 Remuneration Disclosure Requirements) published by the Basel Committee on Banking Supervision in July 2011.

Accordingly, the following information sets forth the qualitative disclosures required under paragraph 11, items (a) to (f) of the Pillar 3 Remuneration Disclosure Requirements regarding the incentive compensation programs operated in performance year 2012 by Bank of America Corporation ("Bank of America" or "the Company"). BofA Canada Bank is a foreign subsidiary of the Bank of America group of companies and follows the global compensation policies and practices of Bank of America.

The following three key principles are used so the Company's incentive compensation plans do not encourage imprudent risk-taking:

1. Incentive compensation plans should be designed to appropriately balance risk and financial results.

2. The Company's risk-management processes and internal controls should reinforce and support the development and governance of balanced incentive compensation plans.

3. The Company should have a strong corporate governance approach to incentive compensation plans, with oversight, review and responsibility for compensation decision-making allocated to the appropriate level of the Company's structure so the most relevant level of management makes compensation decisions on the basis of appropriate oversight and appropriate input from the Company's Independent Control Functions (i.e., Risk, Compliance, Legal, Finance, Audit and Human Resources).

These principles work in conjunction with broader policies, including the Company's overall commitment to pay-for-performance, which are reflected in Bank of America's disclosed Global Compensation Principles and its remuneration policies and risk management procedures.

Governance and the decision-making process for determining the remuneration policy

The Company applies its compensation policies on a global basis and has four primary levels for the governance of incentive compensation plans (together the "Compensation Committees"):

(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, and

(iv) a Line of Business Compensation Committee for each of the Company's lines of business.

The Committee oversees the establishment, maintenance and administration of the Company's compensation programs and employee benefit plans, including approving and recommending the compensation of its Chief Executive Officer to the Board for its approval and approving all of its executive officers' compensation. In addition, the Committee recommends director compensation for approval by the Board. The Committee engaged Frederic W. Cook & Company ("Cook") as its independent compensation consultant for 2012. Cook meets regularly with the Committee outside the presence of management and alone with the Committee chair.

The Committee has adopted and reviews at least annually the Bank of America Compensation Governance Policy to govern incentive compensation decisions and define the framework for design oversight of incentive compensation programs across the Company. The Compensation Governance Policy is designed to be consistent with global regulatory initiatives so that the Company's incentive compensation plans do not encourage imprudent risk-taking.

Bank of America's compensation governance structure allocates oversight, review and responsibility to the appropriate level within the Company so that the most relevant level of management or the Board, as applicable, makes compensation decisions, with documented input from the Company's Independent Control Functions. The appropriate level of compensation committee reviews and evaluates employee compensation programs periodically in order to assess any risk posed by the programs so they do not encourage excessive risk-taking. In addition, the Committee is responsible for reviewing senior executive officer compensation programs.

The Company's Independent Control Functions provide input for the Compensation Committees and provide direct feedback to the Committee on the operation of the Company's compensation programs. The Committee also holds periodic meetings with senior risk officers, including the Chief Risk Officer, to review and evaluate employee compensation programs and assess any risk posed by the programs so that the programs appropriately balance risks and rewards in a manner that does not encourage imprudent risk-taking and are otherwise consistent with the Company's Compensation Governance Policy.

The link between pay and performance

The cornerstone of Bank of America's compensation 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 on-going 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.

Each employee's performance is assessed on financial and non-financial metrics as well as specific behaviors and performance is factored into each employee's incentive compensation award. Depending on the employee, financial performance metrics may be focused on corporate-wide, line of business, or product results. Non-financial performance metrics may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to risk framework and other core values and operating principles of the Company.

Employees receive two ratings – a Result rating (based on objective metrics) and a Behavior rating (based on subjective metrics such as 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' compensation. As a result, an employee's compensation can be influenced not only by what the employee achieves, but how the employee achieves it and employees 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. Failure to complete the training can impact an individual employee's compensation.

Incentive Plans

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. The levels of funding approved for and compensation awarded from the incentive plan bonus pools are benchmarked regularly with an independent consultant.

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. The overall incentive plan bonus pool, once determined, is split across different functions but is ultimately subject to management discretion. The pool is 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.

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

Employee Pay

Bank of America compensates its employees using a balanced mix of base salary, annual cash incentives and long-term incentives (which are delivered in equity, equity-linked 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 compensation. The Company believes equity awards are the simplest, most direct way to align employee interests with those of its stockholders. A significant portion of incentive awards is provided as a long-term incentive that generally becomes earned and payable over a period of three years after grant subject to performance adjustment (i.e., cancellation) in case of detrimental conduct or (for certain risk-takers) failure of the Company, line of business or product (as applicable) to remain profitable during the vesting period. This approach serves two key objectives, which are to focus employees on long-term sustainable results and to subject compensation awards to risk over an appropriate time horizon that can be easily communicated and understood.

Quantitative Data

Paragraph 3 of the above referenced requirements issued by OSFI in December 2011 states that certain types of disclosures may be exempted on the grounds that the information is proprietary or confidential. As an example, sensitive information that could potentially cause personal security concerns for an identifiable position is considered confidential and would be exempt from public disclosure.

Due to personal security concerns, the Company is unable to make detailed quantitative disclosures in respect of BofA Canada Bank operations.