Bank of America

REMUNERATION DISCLOSURES –Performance Year ended 31st December 2015

Bank of America, N.A. Frankfurt Branch

Bank of America, N.A. Frankfurt Branch Remuneration Public Disclosures for Performance Year 2015

Introduction

Bank of America N.A., Frankfurt Branch (the “BANA Frankfurt Branch”) is a branch of Bank of America N.A., and as such part of the Bank of America Corporation (“Bank of America” or “the Bank”) global remuneration programme.

As of 1 January 2014, the Institutsvergütungsverordnung (the “InstitutsVergV”) has come into force in Germany and is applicable to the BANA Frankfurt Branch. The BANA Frankfurt Branch is not a “material institution” in the meaning of § 17 InstitutsVergV, as the annual balance sheet does not meet the threshold criteria and neither the business activities nor the structure of the branch lend themselves to constitute high risk positions.

The BANA Frankfurt Branch has documented its remuneration practices in writing.

The following information sets forth the remuneration disclosures required under § 16 paragraph 2 InstitutsVergV regarding the remuneration programs operated in performance year 2015. Bank of America applies prudent risk management practices to its 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, remuneration plans were developed in accordance with the 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 Bank-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.

Bank of America’s risk-management processes and internal controls, including that of the BANA Frankfurt Branch, reinforce and support the development and governance of balanced remuneration plans.

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

Remuneration Strategy

The BANA Frankfurt Branch follows Bank of America’s global remuneration strategy which is defined through the above Global Compensation Principles and the global Compensation Governance Policy. The ultimate goal of the global remuneration strategy is to drive long-term, sustainable growth for each line of business and Bank of America as a whole through remuneration plans that appropriately balance risks with financial performance to deliver fair rewards and discourage excessive or imprudent risk-taking while encouraging staff retention and alignment with shareholder interests.

The remuneration programmes are designed to support the operating principles of Bank of America: being customer-driven; pursuing operational excellence in both efficiency and risk management; delivering on Bank of America’s shareholder return model; and being a great place to work.

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

Remuneration governance of the BANA Frankfurt Branch is executed through the global remuneration governance structure. Bank of America applies its remuneration policies on a global basis and has four primary levels for the governance of 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 Bank of America's global Remuneration Committee,

(iii) the Management Compensation Committee, and

(iv) Governance by Line of Business Management and Independent Control Functions aligned to the Line of Business ("LOB Compensation Governance").

The Committee oversees the establishment, maintenance and administration of Bank of America's remuneration programs and employee benefit plans. Under supervision of the Committee, oversight, review and responsibility for remuneration decision-making is allocated to the appropriate level of Bank of America's structure so that the most relevant level of management makes remuneration decisions with documented input from Bank of America's Independent Control Functions.

The Committee has adopted and annually reviews the Bank of America Compensation Governance Policy to govern remuneration decisions and define the framework for design oversight of remuneration programs across Bank of America. The Compensation Governance Policy is designed to be consistent with global regulatory initiatives so that Bank of America's 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. The Committee also holds periodic meetings with the Chief Risk Officer to review and evaluate employee remuneration 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 excessive risk-taking and are otherwise consistent with Bank of America's Compensation Governance Policy.

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 – Bank of America, line of business and individual performance. The remuneration of employees of the BANA Frankfurt Branch is determined based on the global remuneration programs. Through the Bank's Performance Management process, employees understand performance expectations for their role through on-going dialogue with their manager.

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 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 Bank of America, which also apply to the business activites of the BANA Frankfurt Branch.

Employees receive two ratings – a Result rating (based on objective metrics such as business performance) and a Behavior rating (based on subjective metrics such as contributions to the BANA Frankfurt Branch, leadership, conduct, 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 employees may receive no variable award if performance is not sufficiently strong.

Risk Management and Incentive Plans

Risk is inherent in every material business activity that Bank of America undertakes, including the business activities of the BANA Frankfurt Branch. Bank of America's business exposes it to strategic, credit, market, liquidity, compliance, operational and reputational risks. Bank of America 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 Bank of America's corporate goals and objectives, risk appetite, and business and risk strategies, Bank of America maintains a global governance structure that delineates the responsibilities for risk management activities, as well as governance and oversight of those activities, by management and Bank of America's Board.

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

Bank of America believes that prudent risk management practices are applied to its incentive remuneration programs across the enterprise. Bank of America 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 Bank of America's broader risk management policies.

Bank of America'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 Bank of America and line of business performance. Incentive plans are designed for Bank of America based on line of business and job function and are not specific to the BANA Frankfurt Branch. The incentive plan bonus pools are also created at Bank of America level and then are cascaded down to the global lines of business, which includes the businesses operated by employees of the BANA Frankfurt Branch.

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 Bank of America, 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 Bank of America and its businesses.

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 Bank of America performance with the actual employee awards determined based upon individual performance against predetermined objectives. For Independent Control Functions in the BANA Frankfurt Branch, the ratio of variable to fixed remuneration was below 0.5:1 for performance year 2015 demonstrating a focus on fixed remuneration.

Employee Pay

The BANA Frankfurt Branch compensates its employees using a balanced mix of fixed remuneration, annual cash incentives and long-term incentives (which are delivered in equity, equity-based instruments or cash). Guaranteed variable remuneration is not generally a component of the BANA Frankfurt Branch's remuneration practices except for exceptional circumstances in acquiring top talent and is restricted to one year. In general, the higher an employee's management level or amount of incentive award, the greater the proportion of the incentive award should be (i) subject to deferral and (ii) delivered in the form of equity-based remuneration. Bank of America believes equity-based 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 and will be cancelled in case of detrimental conduct or (for certain risk-takers) failure of Bank of America, line of business or business unit (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 remuneration awards to risk over an appropriate time horizon that can be easily communicated and understood.

The BANA Frankfurt Branch includes in equity-based award agreements an express covenant that an employee will not engage in hedging or derivative transactions with respect to unvested equity-based awards in violation of the Code of Conduct that would undermine the long-term performance incentive created by the equity-based award.

In accordance with § 25a paragraph 5 of the German Banking Act, the BANA Frankfurt Branch has set appropriate ratios between the fixed and variable components of the total remuneration package. The approved ratio for the variable remuneration for 2015 was set not to exceed 100% of the fixed component of the total remuneration for each individual.

Quantitative Disclosure

This section contains the disclosures required under § 16 paragraph 2 InstitutsVergV in respect of Bank of America, N.A. Frankfurt Branch.

Bank of America, N.A. Frankfurt Branch	**Global Banking and Markets (000's)**	**Other (000's)**	**Total (000's)**
Total Fixed Remuneration	EUR 4,305	EUR 1,031	EUR 5,336
Total Variable Remuneration	EUR 1,452	EUR 73	EUR 1,525
Number of Beneficiaries of Variable Remuneration	19	9	28
Total Remuneration	EUR 5,757	EUR1,104	EUR 6,861
Total Staff	23	14	37