



**PILLAR 3 REMUNERATION DISCLOSURES – Performance Year ended 31<sup>st</sup> December 2017**

**European Union Capital Requirements Directive IV**

**These disclosures relate to staff identified as material risk takers in Bank of America entities located in the European Union (“EU”) 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 (“EBA”) contained in Commission Delegated Regulation (EU) No 604/2014.**

## **EU Pillar III Public Disclosures for Performance Year 2017**

### ***Introduction***

The following information sets forth the qualitative remuneration disclosures required under paragraphs (a) to (f) of Article 450(1) of the Capital Requirements Regulation (Regulation (EU) No 575/2013 – the “CRR”), as in force at 31 December 2017, regarding the incentive compensation programs operated in performance year 2017 by Bank of America Corporation (“Bank of America” or the “Company”). The quantitative disclosures required under paragraphs (g) to (i) of Article 450(1) of the CRR in respect of countries within the European Union (the “EU”) in which Bank of America operates appear after this section.

The disclosures relate to staff identified as material risk takers (“MRTs”) at Bank of America’s operations in the EU, 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 compensation programs across the enterprise and is committed to a compensation governance structure that effectively contributes to its overall risk management policies.

In order to provide an appropriate balance of risk and reward, incentive compensation 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 compensation 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.

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

The Company applies its compensation policy on a global basis and has four primary levels for the governance of incentive compensation 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 regional governance (remuneration) committees.

The Committee oversees the establishment, maintenance and administration of the Company’s compensation programs and employee benefit plans, including approving the compensation of the

direct reports of the Chief Executive Officer (the “CEO”) and approving and recommending the compensation 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 July 2017) the Bank of America Compensation Governance Policy (“CGP”) to govern incentive compensation decisions and define the framework for design oversight of incentive compensation programs across the Company. The CGP is designed to be consistent with global regulatory initiatives so that the Company’s incentive compensation plans do not encourage excessive risk-taking.

The Committee receives, from time to time, direct feedback from the independent control functions on compensation programs. For performance year 2017, in addition to reviewing the individual incentive compensation 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 compensation 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 compensation programs, Bank of America believes that its compensation policies and practices appropriately balance risks and rewards 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 compensation 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 compensation consultant. The independent compensation 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 2017, the Committee held ten (10) 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 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 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 compensation 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' 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 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 compensation 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 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.

The compensation 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. The Company 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 deferred 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 the Company, line of business or business unit (as applicable) 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 compensation 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 regulatory requirements and defers payments in accordance with normal policies where required by applicable rules.

### ***Material Risk Taker Pay***

For performance year 2017, the Company operated an enterprise-wide approach in the identification of MRTs 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 set appropriate ratios between the fixed and variable components of the total remuneration package. Where applicable, the Company has obtained approvals from relevant stockholders for an increase of the approved ratio to not exceed 200% of the fixed component of the total remuneration for each individual, which were passed unanimously by relevant group holding companies.

Fixed pay for MRTs for performance year 2017 consisted of salary, certain benefits and in some cases, role based allowances. Variable pay for MRTs for performance year 2017 consisted of a mixture of upfront payments (delivered in cash or restricted stock units ("RSUs")) and deferred payments. Deferred awards were 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.

In addition, the Company applies a de minimis concession in the UK and Ireland as an application of proportionality to disapply deferral, retention and performance adjustment requirements. The UK de minimis concession is applied where individuals are paid no more than £500,000, of which no more

than 33% is variable remuneration. The Irish de minimis concession is applied where individual variable remuneration is no more than €50,000 and no more than 25% of their total remuneration. For MRTs with significant incentives, the Company applies deferral percentages which are no less than, and in many cases in excess of, what is prescribed by the CRD IV. Deferred awards will be cancelled in the case of detrimental conduct or failure of the Company, line of business or business unit (as applicable) 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 2017 incentive awards for MRTs were reviewed on a name by name basis by the Committee at its meeting in January 2018.

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 - UK**

The following disclosure tables contain the information required under paragraphs (g) to (i) of Article 450(1) of the CRR. The total number of staff in performance year 2017 was 581, who were paid a total of EUR 551,985,000 of which EUR 248,034,000 was variable remuneration.

Breakdown of remuneration of staff by line of business – MRTs only (performance year 2017) – all data is shown in EUR 000's.

<b>Line of Business</b>	<b>Total Remuneration</b>			
GBAM (000's)	EUR 488,754			
Other (000's)	EUR 63,231			
<b>Category</b>	<b>Senior Management</b>	<b>Independent Control Functions</b>	<b>Corporate Functions</b>	<b>Other MRTs</b>
<b>Amount of remuneration</b>				
Fixed Remuneration (000's)	EUR 36,418	EUR 15,368	EUR 11,656	EUR 240,508
Variable Remuneration (000's)	EUR 36,971	EUR 14,057	EUR 10,844	EUR 186,162
Number of Staff	29	60	43	449
<b>Types of variable remuneration</b>				
Upfront cash (paid February 2017) (000's)	EUR 6,953	EUR 3,200	EUR 2,832	EUR 23,876
Vested RSUs (Upfront Equity-based awards, vested February, 12 months hold) (000's)	EUR 6,952	EUR 2,180	EUR 2,575	EUR 19,728
Deferred Equity-based awards (000's)	EUR 23,066	EUR 8,677	EUR 5,437	EUR 142,558

Category	Senior Management	Independent Control Functions	Corporate Functions	Other MRTs
<b>Deferred remuneration</b>				
Amount unvested at 1 January 2017 (000's)	EUR 138,773	EUR 37,891	EUR 27,046	EUR 661,323
Amount awarded in 2017 (000's)	EUR 32,469	EUR 12,084	EUR 9,785	EUR 211,305
Amount vested and paid in 2017 (000's)	EUR 67,911	EUR 17,065	EUR 12,503	EUR 317,513
Amount unvested at 31 December 2017 (000's)	EUR 103,331	EUR 32,715	EUR 20,390	EUR 538,794
Amounts awarded in February 2018 (000's)	EUR 24,806	EUR 8,928	EUR 5,706	EUR 154,318
Amounts reduced by performance adjustments (000's)	EUR 0	EUR 0	EUR 0	EUR 0

Category	Senior Management	Independent Control Functions	Corporate Functions	Other MRTs
<b>New Sign on and severance payments</b>				
Total sign on payments (000's)	EUR 0	EUR 0	EUR 0	EUR 0
Number of payees	0	0	0	0
Total severance payments (000's)	EUR 743	EUR 639	EUR 505	EUR 5,617
Number of payees	2	1	2	27
Highest single severance payment (000's)	EUR 693	EUR 639	EUR 331	EUR 1,075

#### Total Remuneration by range (above 1 MM EUR)

Category	Total MRTs
<b>Number of individuals being remuneration EUR 1 million or more</b>	
EUR 1 million to EUR 1.5 million	71
EUR 1.5 million to EUR 2 million	44
EUR 2 million to EUR 2.5 million	16
EUR 2.5 million to EUR 3 million	12
EUR 3 million to EUR 3.5 million	8
EUR 3.5 million to EUR 4 million	7
EUR 4 million to EUR 4.5 million	1
EUR 4.5 million to EUR 5 million	4
Over EUR 5 million	7

#### Notes for the Disclosure Tables

- FX Rate 1.1167208
- Stock price for Deferred Remuneration calculations (values) - 15 Feb 2018 Fair Market Value (\$32.21)
- The aggregate UK disclosure includes all UK entities and associated branches and subsidiaries in which MRTs have been identified including Bank of America Merrill Lynch International, Merrill Lynch International, Bank of America N.A. London Branch and CM Investment Solutions Limited, capturing MRTs in the UK, France, Germany, Ireland, Italy, the Netherlands, Spain, Sweden and the U.A.E.

***Disclosure - EU Countries Excluding the UK Entities and Associated Branches and Subsidiaries***

This section contains the disclosures required under paragraphs (g) to (i) of Article 450(1) of the CRR (an other applicable regulations) in respect of Germany, Ireland and Luxembourg.

Paragraph 2 of Article 450 of the CRR states that the disclosure requirements must be complied with in a manner that is appropriate to the size, internal organization and the nature, scope and complexity of the activities of a credit institution and without prejudice to Directive 95/46/EC (the “EU Data Protection Directive”).

Bank of America has carried out a review of its remuneration policy, which has included determining where MRTs are located. The criteria used by the Company to assess MRTs (and equivalent designations outside the EU) on a global basis take account of the EBA’s Regulatory Technical Standards for the identification of material risk takers.

The Company considers that it applies its remuneration policy and practices (including the determination of MRTs) in a way that is appropriate to the size, internal organization and the nature, scope and complexity of its activities in all the countries in which it operates and has determined that, as the scope of the activities of employees in the countries listed above is relatively limited, each country has only a very small number of MRTs (if any).

Any disclosure of information in respect of the compensation received by a very small number of MRTs in any individual country may permit those employees to be easily identified. Any disclosure would therefore carry a material risk of disclosing the compensation of individuals to the public, thereby prejudicing their legitimate interests and would be contrary to the EU Data Protection Directive and/or applicable local law. The Company is therefore unable to make more detailed quantitative disclosures in respect of the countries listed above.