

BofA Securities Europe SA

Pillar 3 Disclosure

As at 31 December 2018

1 Overview and Purpose of Document

This document contains the Pillar 3 disclosures as at 31 December 2018 in respect of the capital and risk management of BofA Securities Europe SA, (“BofASE SA”), a French investment firm.

Capital Requirements Directive IV (“CRD IV”), the European Union (“EU”) legislation implementing Basel III, came into effect on 1 January 2014, mandating the quantity and quality of capital that firms are required to hold, introducing an EU wide liquidity regime and establishing leverage requirements. This legislation consists of three Pillars. Pillar 1 is defined as “Minimum Capital Requirement”, Pillar 2 “Supervisory Review Process” and Pillar 3 “Market Discipline”. The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding the capital adequacy of institutions through a prescribed set of disclosure requirements.

This document provides detail on BofASE SA’s available Capital Resources and regulatory defined Pillar 1 Minimum Capital Requirement. It demonstrates that BofASE SA has capital resources in excess of this requirement.

2 BofASE SA

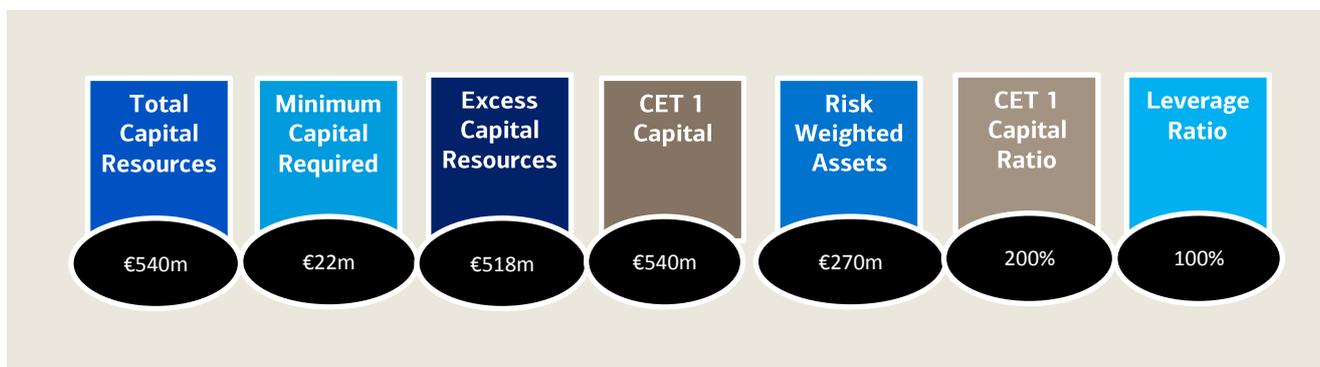
BofASE SA will serve as Bank of America’s primary Broker Dealer for clients in the European Economic Area ex United Kingdom (“EEA ex UK”). BofASE SA is headquartered in France and has the ability to trade throughout Europe and conduct business with international clients, with assigned credit ratings from both Fitch and S&P (respectively: A+/F1; A+/A-1).

BofASE SA is authorized and regulated by the Autorité de Contrôle Prudentiel et de Résolution (‘ACPR’) and the Autorité des Marchés Financiers (‘AMF’). BofASE SA was not operationally active as at 31/12/18.

3 BofASE SA’s Capital Position at 31 December 2018

BofASE SA’s Capital Resources consist predominately of Common Equity Tier 1 (“CET1”) capital and BofASE SA maintains capital ratios and resources significantly in excess of its minimum requirement.

Figure 1. Summary of BofASE SA’s Key Metrics as at 31 December 2018



Note: All of BofASE SA’s Tier 1 capital is CET1, therefore CET1 Capital Ratio and Tier 1 Capital ratio are the same.

4 Basis of Preparation

The information contained in these disclosures has been prepared in accordance with the CRD IV and Capital Requirements Regulation (“CRR”), on a solo basis as required. The disclosures are reported as at 31 December 2018.

In addition, the report does not constitute any form of forward looking record or opinion on BofASE SA. Although 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 investment firms.

This Pillar 3 disclosure are published on the Investor Relations section of BAC’s corporate website:
<http://investor.bankofamerica.com>.

5 Disclosure Policy

In accordance with CRR article 431(3) and applicable guidelines, institutions are required to adopt a formal policy to comply with the disclosure requirements included in Part Eight of the CRR.

In accordance with these requirements, a Pillar 3 disclosure policy (“the Policy”) has been developed and adopted by BofASE SA. The Policy is approved at the management body level and sets out the internal controls and procedures for disclosure of the information required under Part Eight of the CRR, including verification and frequency of the disclosures.

The key elements of the Policy are as follows:

- Policy background
- Disclosure requirements applicable to BofASE SA
- Disclosure frequency
- Process for production of the Pillar 3 disclosure
- Overview of the key document sections
- Review and verification of the Pillar 3 disclosure
- Roles and accountabilities of all stakeholders in the production and verification processes
- Controls and monitoring of key processes
- Governance and oversight of the Policy

6 Capital Resources

Capital Resources represent the amount of regulatory capital available to an entity in order to cover all risks. Defined under 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.

Tier 1 capital is the primary component of BofASE SA Capital Resources. All of BofASE SA Tier 1 capital is made up of CET1.

Table 1. Regulatory Capital Resources & Reconciliation to Unaudited Balance Sheet

	BofASE SA
	2018
<i>(Euro's in Millions)</i>	
Balance per Balance Sheet	
Ordinary Share Capital	540
Share Premium	0
Foreign exchange reserve	0
Capital Contribution	0
Profit and Loss Account	0
Adjustments to Balance Sheet Items for Regulatory Own Funds	
Debit Valuation Adjustment	0
Prudential Valuation Adjustment	0
Tier 1 Capital	540
Tier 2 Capital	0
Total Capital Resources (net of deductions)	540

Tables 2. BofASE SA Capital Instrument Features

Capital Instruments Main Features		BofASE SA	
		CET1	AT1
1	Issuer	BofA Securities Europe SA	N/a
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a
3	Governing law(s) of the instrument	French	N/a
Regulatory Treatment			
4	Transitional CRR rules	CET1	N/a
5	Post-transitional CRR rules	CET1	N/a
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	N/a
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	€540m at 31 December 2018 comprising nominal share capital	N/a
9	Nominal amount of instrument	54 million issued shares @ €10 each	N/a
9a	Issue price	€10.00 per ordinary share on 25 September 2018 (date of incorporation) and on 19 November 2018	N/a
9b	Redemption price	N/a	N/a
10	Accounting classification	Shareholders equity	N/a
11	Original date of issuance	5,000 €10 ordinary shares totalling €50,000 issued on 25 September 2018 54 million €10 ordinary shares issued on 19 November 2018, totalling an aggregate share capital of €540 million	N/a
12	Perpetual or dated	Perpetual	N/a
13	Original maturity date	N/a	N/a
14	Issuer call subject to prior supervisory approval	No	N/a
15	Optional call date, contingent call dates and redemption amount	N/a	N/a
16	Subsequent call dates, if applicable	N/a	N/a
Coupons / Dividends			
17	Fixed or floating dividend/coupon	N/a	N/a
18	Coupon rate and any related index	N/a	N/a
19	Existence of a dividend stopper	No	N/a
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a
21	Existence of step up or other incentive to redeem	No	N/a
22	Noncumulative or cumulative	Non-cumulative	N/a
23	Convertible or non-convertible	Non-convertible	N/a
24	If convertible, conversion trigger(s)	N/a	N/a
25	If convertible, fully or partially	N/a	N/a
26	If convertible, conversion rate	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a
29	If convertible, specify issuer of instrument it converts into	N/a	N/a
30	Write-down features	No	N/a
31	If write-down, write-down trigger(s)	N/a	N/a
32	If write-down, full or partial	N/a	N/a
33	If write-down, permanent or temporary	N/a	N/a
34	If temporary write-down, description of write-up mechanism	N/a	N/a
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	N/a	N/a
36	Non-compliant transitioned features	No	N/a
37	If yes, specify non-compliant features	N/a	N/a
(†) Insert 'N/A' if the question is not applicable			

7 Minimum Capital Requirement

BofASE SA is subject to a Minimum Capital Requirement set out in the CRR and the ACPR requirements in order to meet its Total SREP capital requirement. BofASE SA is required to hold capital in addition to the Minimum Capital Requirement to meet CRD IV buffers and local ACPR obligations.

BofASE SA has adopted the standardised approach for calculating Counterparty Risk, Credit Risk and Operational Risk Capital Requirements. In order to adhere to the standardised rules in CRD IV, BofASE SA uses external ratings from External Credit

Assessment Institutions (“ECAIs”) specifically Moody’s Investors Service, Inc. (“Moody’s”), Standard and Poors (“S&P”) and Fitch Ratings, Inc. (“Fitch”).

The Minimum Capital Requirement for BofASE SA principally comprises of Credit Risk due to its initial capital at 31 December 2018 being placed on deposit with an affiliate bank, until BofASE SA commences trading.

Table 3. Shows a breakdown of the Risk Weighted Assets (“RWAs”) and Minimum Capital Requirement

<i>(Euro in Millions)</i>	BofASE SA	
	RWAs	Minimum capital requirements
	2018	2018
Credit risk (excluding CCR)	270	22
Of which the standardised approach	270	22
Of which the foundation IRB (FIRB) approach	-	-
Of which the advanced IRB (AIRB) approach	-	-
Of which equity IRB under the simple risk-weighted approach or the IMA	-	-
CCR	-	-
Of which mark to market	-	-
Of which original exposure	-	-
Of which: comprehensive approach for credit risk mitigation (for SFTs)	-	-
Of which internal model method (IMM)	-	-
Of which risk exposure amount for contributions to the default fund of a CCP	-	-
Of which CVA	-	-
Settlement risk	-	-
Securitisation exposures in the banking book (after the cap)	-	-
Of which IRB approach	-	-
Of which IRB supervisory formula approach (SFA)	-	-
Of which internal assessment approach (IAA)	-	-
Of which standardised approach	-	-
Market risk	-	-
Of which the standardised approach	-	-
Of which IMA	-	-
Large exposures	-	-
Operational risk	-	-
Of which basic indicator approach	-	-
Of which standardised approach	-	-
Of which advanced measurement approach	-	-
Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-
Floor adjustment	-	-
Total	270	22

8 Tier 1 Ratio

Table 4 outlines that BofASE SA's Total Capital Resources are significantly in excess of the Pillar 1 Total Minimum Capital Requirement.

Table 4. Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio

<i>(Euro in Millions)</i>	BofASE SA
	2018
Total Capital Resources	540
Total Minimum Capital Requirement	22
Surplus over Requirement	518
Tier 1 Capital Resources	540
Risk Weighted Assets	270
Tier 1 Capital Ratio	200.0%

9 Leverage Ratio

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules. The leverage ratio is monitored in line with regulatory requirements. BofASE SA's leverage ratios are in excess of the proposed minimum at 100%.

Table 5. Fully Phased-In Leverage Ratio

	BofASE SA
	2018
Transitional and Fully Phased-In Leverage Ratio	100.0%

10 BofASE SA Risk Framework

Bank of America Corporation (BAC), as the ultimate parent company, has established a risk governance framework (the Risk Framework), which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including BofASE). The Risk Framework sets forth roles and responsibilities for the management of risk by front line units, independent risk management, other control functions and Corporate Audit, and provides a blueprint for how the boards of

directors, through delegation of authority to committees and executive officers, establish risk appetite and associated limits for activities. It describes the five components of the risk management approach and the seven key types of risk.

11 BofASE SA Director Selection and Diversity Policy

The BofASE SA Board considers candidates from a wide range of backgrounds and considers candidates on merit and against objective criteria and with due regard for the benefits of diversity on the Board, including gender representation, taking care that appointees have sufficient time available to devote to the position.

12 Remuneration Disclosure

There was no remuneration paid or awarded by BofASE SA for 2018 and therefore a remuneration disclosure is not provided.