Bank of America Merrill Lynch International Limited

Pillar 3 Disclosure

For the Quarter Ended 30 June 2018

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 30 June 2018 of Bank of America Merrill Lynch International Limited ("BAMLI" or "the Company") and its subsidiaries (together "the Group").

In accordance with the European Banking Authority ("EBA") guidelines on materiality, proprietary and confidentiality and on disclosure frequency relating to Pillar 3 disclosures ("the Guidelines"), BAMLI has determined that it is appropriate to disclose the information prescribed by these guidelines on a quarterly basis. This document contains these disclosures, which includes information on capital adequacy, liquidity and leverage. For further information on BAMLI's risk management objectives and policies and asset encumbrance, please refer to BAMLI's annual Pillar 3 disclosure for the year ended 31 December 2017 on Bank of America's corporate website:

http://investor.bankofamerica.com

1.1 BAMLI

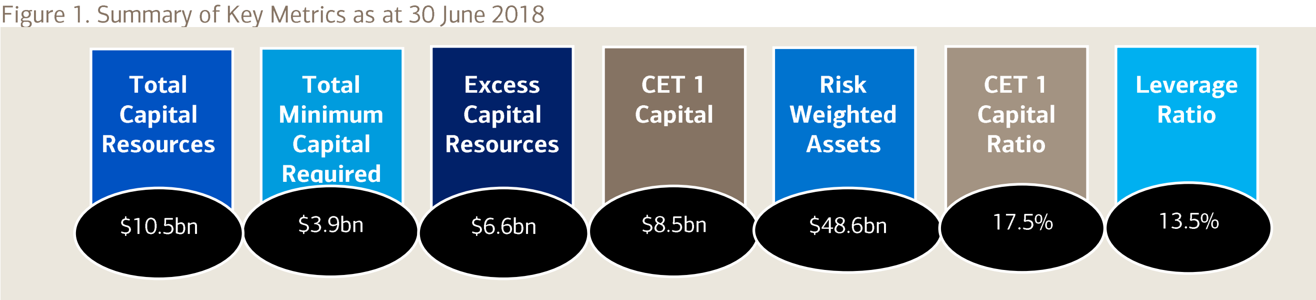
BAMLI is a wholly owned subsidiary of Bank of America, National Association, ("BANA") and its ultimate parent is Bank of America Corporation ("BAC" or the "Enterprise"). BAMLI's activities form part of BAC's Global Banking and Markets operations in Europe, Middle East and Africa ("EMEA"). Clients include large multinational groups, financial institutions, governments and government entities.

BAMLI's head office is in the United Kingdom with branches in Amsterdam, Brussels, Dublin, Frankfurt, Madrid, Milan, Paris and Zurich. The Company has the ability to trade throughout the European Economic Area ("EEA") and conduct business with international clients. BAMLI is registered as a bank in the United Kingdom and is authorised and regulated by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA"). The Company's branches are authorised and regulated by the PRA. As at 30 June 2018, BAMLI was rated by Fitch Ratings, Inc ("Fitch") (A+ / F1) and Standard & Poor's ("S&P") (A+ / A-1).

1.2 BAMLI's Capital Position as at 30 June 2018

Figure 1 illustrates BAMLI's key capital metrics. BAMLI's Capital Resources consist predominately of Common Equity Tier 1 ("CET1") capital and the Group continues to maintain capital ratios and resources significantly in excess of its minimum requirement.

Figure 1. Summary of Key Metrics as at 30 June 2018



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

2. Basis of Preparation

The information contained in this Pillar 3 disclosure has been prepared in accordance with the Basel III rule framework, on a consolidated basis, for the purpose of explaining the basis on which BAMLI has prepared and disclosed certain information about the application of regulatory capital adequacy rules and concepts. It therefore does not constitute any form of financial statement of BAMLI or its subsidiaries, nor of the wider Enterprise, and as such, is not prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101"). Therefore the information is not directly comparable with the annual financial statements and the disclosure is not required to be audited by external auditors. In addition, the report does not constitute any form of contemporary or forward looking record or opinion on the Group, the Company or the Enterprise. Although the 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 banks. Any financial information included herein is unaudited.

BAMLI has one operating subsidiary which is an ancillary service undertaking, and several other immaterial subsidiaries which are in liquidation. For the purpose of this document, disclosures are based on the consolidated group consisting of BAMLI (including branches) and its subsidiaries, because separate disclosure of BAMLI as the company alone is not regarded as materially different.

Transitional Impact of IFRS9

IFRS9 addresses the classification, measurement and recognition of financial assets and financial liabilities. Its replaces the guidance in IAS 39 – Financial Instruments: Recognition and Measurement that relates to the classification and measurement of financial instruments.

Based on materiality no further disclosures for the transitional impact of IFRS9 are made in this document.

3. Capital Resources

Capital resources represent the amount of regulatory capital available to an entity to cover all risks. Defined under Capital Requirements Directive ("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.

BAMLI's Capital Resources consist of Tier 1 and Tier 2 capital. All of BAMLI's Tier 1 capital is made up of CET1. BAMLI's Tier 2 capital is comprised of subordinated debt. Table 1 shows a breakdown of the capital resources of BAMLI.

Table 1. Regulatory Capital Resources and Ratios Summary

(Dollars in Millions)	Q2 2018
Common Equity Tier 1 (CET1) capital before regulatory adjustments	8,537
Total Regulatory Adjustments to Common Equity Tier 1 (CET1)	(35)
Common Equity Tier 1 (CET1) Capital	**8,502**
Additional Tier 1 (AT1) capital	-
Tier 1 Capital (T1 = CET1 + AT1)	8,502
Tier 2 (T2) Capital	2,000
Total Capital (TC = T1 + T2)	**10,502**
Total Risk Weighted Assets	48,601
Common Equity Tier 1 (as a percentage of risk exposure amount)	17.5%
Tier 1 (as a percentage of risk exposure amount)	17.5%
Total Capital (as a percentage of risk exposure amount)	21.6%

4. Minimum Capital Requirement

BAMLI is subject to Minimum Capital Requirement set out in the Capital Requirements Regulation ("CRR") and the PRA requirements in order to meet its individual capital guidance. BAMLI is required to hold capital in addition to its minimum capital requirement to meet its CRD IV buffers and local PRA obligations.

The Minimum Capital Requirement principally comprises of Credit Risk, Market Risk and Operational Risk requirements.

Table 2. Overview of RWAs and Minimum Capital Requirement

	RWAs		Minimum capital requirements
(Dollars in Millions)	Q2 2018	Q1 2018	Q2 2018
Credit risk (excluding CCR)	40,732	41,844	3,259
Of which the standardised approach	40,732	41,844	3,259
CCR	30	78	2
Of which mark to market	13	24	1
Of which: master netting agreements for credit risk mitigation (for SFTs)	4	43	0
Of which CVA	13	11	1
Securitisation exposures in the banking book (after the cap)	2,727	2,943	218
Of which standardised approach	2,727	2,943	218
Market risk	349	288	28
Of which the standardised approach	349	288	28
Operational risk	4,763	4,763	381
Of which standardised approach	4,763	4,763	381
Total	48,601	49,916	3,888

4.1 Key Movements in the Quarter

BAMLI's Minimum Capital Requirement decreased during the quarter by $0.1bn.

The decrease was primarily driven by decrease in Credit Risk exposures within the Group's core business in the quarter.

BAMLI utilises the standardised approach for calculating Market Risk, Credit Risk and Operational Risk capital requirements. In order to adhere to the standardised rules set out by the PRA, BAMLI uses external ratings based on a combination of ratings provided by Moody's Investors Service, Inc ("Moody's"), S&P and Fitch.

5. Leverage Ratio

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014, and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

CRD IV does not currently include a minimum Leverage Ratio requirement. In November 2016 the European Commission published a legislative proposal to amend various elements of CRD IV, which included a binding minimum Leverage Ratio requirement of 3%, as well as a number of changes to the calculation of the exposure measure. Based on the draft text of the proposal, it is currently expected that these amendments will become effective on 1 January 2021. BAMLI's ratio is in excess of the proposed minimum at 13.5%.

Table 3. Leverage Ratio Summary

(Dollars in Millions)	Q2 2018
Tier 1 Capital	8,502
Total Leverage Ratio Exposures	63,138
Leverage Ratio	13.5%

6. Liquidity Coverage Ratio ("LCR") Disclosure

BAMLI is subject to the LCR, which requires BAMLI to hold a sufficient buffer of eligible High Quality Liquid Assets ("HQLA") to cover potential cash outflows during the first 30 days of a liquidity stress event.

Table 4 discloses average weighted values of the liquidity buffer, total net cash outflows and the LCR of the Group.

Table 4. LCR Disclosure

(Dollars in Millions)	Total weighted value (average)			
Quarter ending on	**30-Sep-17**	**31-Dec-17**	**31-Mar-18**	**30-Jun-18**
Number of data points used in the calculation of averages	**12**	**12**	**12**	**12**
Liquidity Buffer	7,458	7,944	8,278	8,582
Total Net Cash Outflows	4,985	5,286	5,817	6,052
Liquidity Coverage Ratio (%)	155%	156%	144%	143%

Note: The disclosed values and figures within the liquidity buffer, total net cash outflows, and LCR are simple averages of the preceding twelve LCR monthly reporting observations for each quarter.