

Merrill Lynch International

Pillar 3 Disclosure

For the Quarter Ended 30 June 2024

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 30 June 2024 of Merrill Lynch International (“MLI” or “the Company”) and its subsidiaries (together “the Group” or “the MLI Group”).

For further information on MLI’s risk management objectives and policies, liquidity and asset encumbrance, please refer to the MLI Group annual Pillar 3 disclosure for the year ended 31 December 2023 on BAC’s corporate website:

<http://investor.bankofamerica.com>

1.1 Merrill Lynch International

MLI is a wholly owned subsidiary of Bank of America Europe, Middle East, and Africa (“EMEA”) Holdings 2 Limited and Bank of America Jersey Holdings Limited (together, the Jersey Intermediate Holding Companies, or “Jersey IHCs”). MLI’s ultimate parent is Bank of America Corporation (“BAC”). MLI is BAC’s largest operating subsidiary outside of the US and serves the core financial needs of global corporations and institutional investors.

MLI’s head office is in the United Kingdom with branches in Dubai and Qatar along with a representative office in Zurich. MLI is authorised by the PRA and regulated by the FCA and PRA.

As at 30 June 2024, MLI was rated by Fitch Ratings Inc. (“Fitch”) (AA / F1+) and Standard & Poor’s (“S&P”) (A+ / A-1).

1.2 Other Entities

Other entities, although consolidated into the Group, are not separately disclosed in this document on the grounds of materiality.

2. Basis of Preparation

The Basel Capital Accords provide a series of international standards for bank regulation commonly known as Basel I, Basel II and, most recently, Basel III. Basel III was implemented in the European Union (“EU”) via the Capital Requirements Directive (“CRD”) and the Capital Requirements Regulation (“CRR”).

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.

MLI disclosures have been designed to meet the current laws, rules and regulations, of which this is primarily made up of the PRA Rulebook, however any reference to an EU regulation, including to Binding Technical Standards and Guidelines, is a reference to the U.K. on-shored version of that regulation, unless otherwise stated.

The information contained in these Pillar 3 disclosures has been prepared in accordance with the requirements of Part Eight of the CRR.

It therefore does not constitute any form of financial statement of MLI or its subsidiaries, or of the wider Enterprise, and as such, is not prepared in accordance with International Financial Reporting Standards (“IFRS”) or Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ (“FRS 101”). Therefore the information contained in these disclosures may not be directly comparable with the Annual Report and 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.

The basis of consolidation used for the MLI Group for prudential purposes is the same as the consolidation used for accounting purposes. Figures for the Group are presented on a consolidated basis.

This Pillar 3 disclosure is published on BAC's corporate website: <http://investor.bankofamerica.com>.

3. Disclosure Policy

MLI has adopted a formal policy to comply with the requirements included in the Disclosure (CRR) part of the PRA rulebook, in accordance with Article 431(3). The Merrill Lynch International Pillar 3 Disclosure Policy sets out the internal processes, systems and controls used to verify that the disclosures are appropriate and in compliance with regulatory requirements, and that the disclosures convey MLI's risk profile comprehensively to market participants.

Article 431(3) also requires that at least one member of the management body or senior management shall attest in writing that the disclosures required under the Pillar 3 framework within PRA Rulebook have been made in accordance with the policy and associated internal processes, systems and controls. The written attestation is included below:

Senior Management Attestation

"I attest that the disclosures provided in the MLI Pillar 3 disclosure for the quarter ended 30 June 2024 have been prepared in accordance with the internal processes, systems and controls detailed in the MLI Pillar 3 Disclosure Policy, which has been approved by the MLI Board."

The MLI Pillar 3 Disclosures have been attested by:

UK / CEEMEA Chief Financial Officer

Charles Peters

4. Key Metrics

The below tables show a summary of the MLI Group's key capital, leverage and liquidity metrics as at 30 June 2024.

Table 1. UK KM1 – MLI Group Key Metrics Template

(USD in Millions)		MLI Group		
		Q2 2024	Q4 2023	Q2 2023
Available own funds (amounts)				
1	Common Equity Tier 1 (CET1) capital	33,808	33,917	33,699
2	Tier 1 capital	33,808	33,917	33,699
3	Total capital	33,808	33,917	33,699
Risk-weighted exposure amounts				
4	Total risk-weighted exposure amount	150,538	142,691	141,611
Capital ratios (as a percentage of risk-weighted exposure amount)				
5	Common Equity Tier 1 ratio (%)	22.46%	23.77%	23.80%
6	Tier 1 ratio (%)	22.46%	23.77%	23.80%
7	Total capital ratio (%)	22.46%	23.77%	23.80%
Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)				
UK 7a	Additional CET1 SREP requirements (%)	1.67%	1.83%	1.83%
UK 7b	Additional AT1 SREP requirements (%)	0.56%	0.61%	0.61%
UK 7c	Additional T2 SREP requirements (%)	0.74%	0.81%	0.81%
UK 7d	Total SREP own funds requirements (%)	10.97%	11.25%	11.25%
Combined buffer requirement (as a percentage of risk-weighted exposure amount)				
8	Capital conservation buffer (%)	2.50%	2.50%	2.50%
UK 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	0.00%	0.00%	0.00%
9	Institution specific countercyclical capital buffer (%)	0.58%	0.53%	0.37%
UK 9a	Systemic risk buffer (%)	0.00%	0.00%	0.00%
10	Global Systemically Important Institution buffer (%)	0.00%	0.00%	0.00%
UK 10a	Other Systemically Important Institution buffer	0.00%	0.00%	0.00%
11	Combined buffer requirement (%)	3.08%	3.03%	2.87%
UK 11a	Overall capital requirements (%)	14.05%	14.28%	14.12%
12	CET1 available after meeting the total SREP own funds requirements (%)	11.49%	12.52%	12.54%
Leverage ratio				
13	Total exposure measure excluding claims on central banks	397,489	337,890	374,400
14	Leverage ratio excluding claims on central banks (%)	8.51%	10.04%	9.00%
Additional leverage ratio disclosure requirements				
14a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.51%	10.04%	9.00%
14b	Leverage ratio including claims on central banks (%)	8.46%	10.00%	9.00%
14c	Average leverage ratio excluding claims on central banks (%)	8.41%	9.49%	9.09%
14d	Average leverage ratio including claims on central banks (%)	8.38%	9.45%	9.09%

14e	Countercyclical leverage ratio buffer (%)	0.20%	0.18%	0.13%
Liquidity Coverage Ratio				
15	Total high-quality liquid assets (HQLA) (Weighted value -average)	33,036	32,097	32,339
UK 16a	Cash outflows - Total weighted value	55,421	49,613	48,407
UK 16b	Cash inflows - Total weighted value	41,857	35,743	33,644
16	Total net cash outflows (adjusted value)	14,618	14,007	14,763
17	Liquidity coverage ratio (%)	227.45 %	230.63 %	221.41 %
Net Stable Funding Ratio				
18	Total available stable funding	69,185	68,069	63,747
19	Total required stable funding	61,759	61,654	57,696
20	NSFR ratio (%)	112.05 %	110.44 %	110.85 %

In the half year ended Q2 2024, total RWA increased by \$7.8bn. This was mainly due to an increase in risk weighted exposure amounts for counterparty credit risk in the period.

The leverage ratio exposure measure increased in the period by \$59.6bn. This was primarily driven by an increase in on-balance sheet exposures for securities financing and other assets in the period.

5. Minimum Requirements for Own Funds & Eligible Liabilities

Firms that are material subsidiaries of a non-UK Global Systemically Important Institution (“G-SII”) per the PRA Rulebook definition are required to hold a minimum amount of MREL. BAC is a non-UK G-SII and MLI meets the definition of material subsidiary and is therefore subject to this requirement.

MREL resources are comprised of qualifying capital resources and eligible liabilities. In order for liabilities that are not capital resources to qualify as eligible, they must meet certain criteria such as having a minimum residual maturity of at least one year and being subordinated to other operating liabilities.

The MLI Group had \$1.5bn of eligible liabilities in issuance at the end of June 2024. Total MREL resources for the MLI Group is equal to Tier 1 capital plus eligible liabilities issued. Table 2 shows key metrics relating to MREL requirements.

Table 2. Key metrics – MREL Requirements

	Q2 2024
	MLI Group
<i>(Dollars in Millions)</i>	
Total MREL Resources Available	35,308
Total RWA	150,538
MREL as a percentage of RWA	23.45%
Leverage Ratio Exposure Measure	397,489
MREL as a percentage of Leverage Ratio Exposure Measure	8.88%
Excluded Liabilities	340,730

The following table provides information on the key features of the capital instruments and eligible liabilities issued by the MLI Group.

Table 3. Template UK CCA: MLI Group main features of regulatory own funds instruments and eligible liabilities instruments

Capital Instruments Main Features		MLI			
		CET1	AT1	T2	Eligible Liability
1	Issuer	Merrill Lynch International	N/a	N/a	Merrill Lynch International
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	Private Placement	N/a	N/a	Private Placement
2a	Public or private placement	Private	N/a	N/a	Private
3	Governing law(s) of the instrument	English	N/a	N/a	English
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/a	N/a	N/a	Yes
Regulatory Treatment					
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	N/a	N/a	Eligible Liability
5	Post-transitional CRR rules	CET1	N/a	N/a	Eligible Liability
6	Eligible at solo/(sub-)consolidated/ solo & (sub-)consolidated	Solo	N/a	N/a	Solo & Consolidated
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/a	N/a	Subordinated Loan Non-T2
8	Amount recognised in regulatory capital (currency in million, as of most recent reporting date)	\$12,432m comprising nominal and premium	N/a	N/a	USD 1,500m
9	Nominal amount of instrument	\$1.00	N/a	N/a	USD 1,500m
UK-9a	Issue price	\$1.00 19 Dec 2012 \$4.76 18 Nov 2014	N/a	N/a	USD 1,500m
UK-9b	Redemption price	N/a	N/a	N/a	USD 1,500m
10	Accounting classification	Shareholders' equity	N/a	N/a	Liability - amortised cost

11	Original date of issuance	\$6,735m 19 Dec 2012 \$1,198m 18 Nov 2014	N/a	N/a	20-Mar-24
12	Perpetual or dated	Perpetual	N/a	N/a	Dated
13	Original maturity date	No maturity	N/a	N/a	20-Mar-26
14	Issuer call subject to prior supervisory approval	No	N/a	N/a	Yes
15	Optional call date, contingent call dates and redemption amount	N/a	N/a	N/a	No issuer call date. However, may repay in whole or in part at par on any date subject to prior supervisory approval.
16	Subsequent call dates, if applicable	N/a	N/a	N/a	N/a
Coupons / Dividends					
17	Fixed or floating dividend/coupon	N/a	N/a	N/a	Floating
18	Coupon rate and any related index	N/a	N/a	N/a	SOFR plus 80 bps
19	Existence of a dividend stopper	No	N/a	N/a	No
UK-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/a	N/a	Mandatory
UK-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/a	N/a	Mandatory
21	Existence of step up or other incentive to redeem	No	N/a	N/a	No
22	Noncumulative or cumulative	Non-cumulative	N/a	N/a	Cumulative
23	Convertible or non-convertible	Non-convertible	N/a	N/a	Non-convertible
24	If convertible, conversion trigger(s)	N/a	N/a	N/a	N/a
25	If convertible, fully or partially	N/a	N/a	N/a	N/a
26	If convertible, conversion rate	N/a	N/a	N/a	N/a
27	If convertible, mandatory or optional conversion	N/a	N/a	N/a	N/a
28	If convertible, specify instrument type convertible into	N/a	N/a	N/a	N/a
29	If convertible, specify issuer of	N/a	N/a	N/a	N/a

	instrument it converts into				
30	Write-down features	No	N/a	N/a	Yes
31	If write-down, write-down trigger(s)	N/a	N/a	N/a	BoE as the UK Resolution Authority has the authority to trigger the write down of the instrument under the contractual terms if they deem the entity is failing or likely to fail, or if the BAC resolution entity enters into resolution.
32	If write-down, full or partial	N/a	N/a	N/a	Fully or Partially
33	If write-down, permanent or temporary	N/a	N/a	N/a	Permanent
34	If temporary write-down, description of write-up mechanism	N/a	N/a	N/a	N/a
34a	Type of subordination (only for eligible liabilities)	N/a	N/a	N/a	Contractual
UK-34b	Ranking of the instrument in normal insolvency proceedings	Equity	N/a	N/a	Subordinated Claim
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated Loan Non-T2	N/a	N/a	Senior Liabilities
36	Non-compliant transitioned features	No	N/a	N/a	No
37	If yes, specify non-compliant features	N/a	N/a	N/a	N/a
37a	Link to the full term and conditions of the instrument (signposting)	http://investor.bankofamerica.com	N/a	N/a	http://investor.bankofamerica.com
(') Insert 'N/A' if the question is not applicable					

6. Leverage Ratio

MLI has a minimum leverage ratio capital requirement of 3.25%.

MLI manages its risk of excessive leverage through leverage ratio early warning trigger levels. Limits are calibrated in line with legal entity capacity and ensure that leverage exposure remains within MLI's risk appetite. The MLI Group's leverage ratio is 8.51% as at 30 June 2024. Table 4 shows the MLI Group's key metrics relating to the leverage ratio.

Table 4. Template UK LR2 - LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		MLI Group	
		Q2 2024	Q1 2024
		a	b
<i>(Dollars in Millions)</i>			
Capital and total exposure measure			
23	Tier 1 capital (leverage)	33,808	33,832
UK-24b	Total exposure measure excluding claims on central banks	397,489	403,488
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	8.51%	8.38%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.51%	8.38%
UK-25c	Leverage ratio including claims on central banks (%)	8.46%	8.34%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	0.20%	0.18%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.20%	0.18%
Additional leverage ratio disclosure requirements - disclosure of mean values			
UK-31	Average total exposure measure including claims on central banks	403,759	384,253
UK-32	Average total exposure measure excluding claims on central banks	401,864	382,663
UK-33	Average leverage ratio including claims on central banks	8.38%	8.81%
UK-34	Average leverage ratio excluding claims on central banks	8.41%	8.85%