

Merrill Lynch International

Pillar 3 Disclosure

For the Quarter Ended 31 March 2024

1. Overview and Purpose of Document

This document contains certain Pillar 3 disclosures for the quarter ended 31 March 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 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 31 March 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 31 March 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. Minimum Requirements for Own Funds & Eligible Liabilities (“MREL”)

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 March 2024. Total MREL resources for the MLI Group is equal to Tier 1 capital plus eligible liabilities issued. Table 1 shows key metrics relating to MREL requirements.

Table 1. Key metrics – MREL Requirements

	Q1 2024
	MLI Group
<i>(Dollars in Millions)</i>	
Total MREL Resources Available	35,332
Total RWA	158,525
MREL as a percentage of RWA	22.29%
Leverage Ratio Exposure Measure	403,488
MREL as a percentage of Leverage Ratio Exposure Measure	8.76%

In the quarter ended Q1 2024, total RWA for the MLI Group increased by \$15.8bn. The increase was driven mainly by an increase in counterparty credit risk exposures in the period from securities financing and derivatives.

The leverage ratio exposure measure increased in the period by \$65.6bn. This was primarily driven by an increase in securities financing exposure and other on-balance sheet exposures in the period.

5. 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 8.38% as at 31 March 2024. Table 2 shows the MLI Group's key metrics relating to the leverage ratio.

Table 2. Template UK LR2 - LRCom: Leverage ratio common disclosure

		Leverage ratio exposures	
		MLI Group	
		Q1 2024	Q4 2023
		a	b
<i>(Dollars in Millions)</i>			
Capital and total exposure measure			
23	Tier 1 capital (leverage)	33,832	33,917
UK-24b	Total exposure measure excluding claims on central banks	403,488	337,890
Leverage ratio			
25	Leverage ratio excluding claims on central banks (%)	8.38%	10.04%
UK-25a	Fully loaded ECL accounting model leverage ratio excluding claims on central banks (%)	8.38%	10.04%
UK-25b	Leverage ratio excluding central bank reserves as if the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income had not been applied (%)	8.34%	10.00%
UK-25c	Leverage ratio including claims on central banks (%)	8.34%	10.00%
Additional leverage ratio disclosure requirements - leverage ratio buffers			
27	Leverage ratio buffer (%)	0.18%	0.18%
UK-27b	Of which: countercyclical leverage ratio buffer (%)	0.18%	0.18%
Additional leverage ratio disclosure requirements - disclosure of mean values			
UK-31	Average total exposure measure including claims on central banks	384,253	357,644
UK-32	Average total exposure measure excluding claims on central banks	382,663	356,237
UK-33	Average leverage ratio including claims on central banks	8.81%	9.45%
UK-34	Average leverage ratio excluding claims on central banks	8.85%	9.49%