
BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

DIRECTORS	B.E. Bilgi Zapparoli (Non-executive director) (appointed 7 March 2025) O.T. Bussmann (Independent non-executive director) I. de Dinechin (Independent non-executive director) P.M. Donofrio (Non-executive director) S.A. James (Independent non-executive director) A. Jancic (appointed 18 December 2025) N.M. Jordan (Independent non-executive director) J.H.R. Lee R. McHugh (Independent non-executive director) F. Vicario (resigned 18 December 2025)
COMPANY SECRETARY	Merrill Lynch Corporate Services Limited
REGISTERED NUMBER	229165
REGISTERED OFFICE	Two Park Place Hatch Street Dublin 2 Ireland
INDEPENDENT AUDITORS	PricewaterhouseCoopers Chartered Accountants and Statutory Audit Firm One Spencer Dock North Wall Quay Dublin 1 Ireland

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**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Directors present their Annual Report and the audited financial statements of Bank of America Europe Designated Activity Company ("BofA Europe", "the Company", "Bank of America Europe DAC") for the year ended 31 December 2025.

The Company is a registered bank in the Republic of Ireland which is authorised and regulated by the Central Bank of Ireland ("CBI") and supervised under the Single Supervisory Mechanism ("SSM") by the European Central Bank ("ECB"). The Company is a wholly owned subsidiary of Bank of America National Association ("BANA") and the ultimate parent of the Company is Bank of America Corporation (NYSE: BAC) ("BAC"). Hereafter, "affiliate" means BAC or any of its subsidiaries. BAC together with its consolidated subsidiaries, form the "BAC Group" (or "Enterprise").

The Company is a designated activity company and is incorporated and domiciled in the Republic of Ireland, with branches operating in the United Kingdom ("UK"), Belgium, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Spain, Sweden and Switzerland, in addition to its Irish Head Office.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Under that law the directors have prepared the financial statements in accordance with Irish Generally Accepted Accounting Practice (accounting standards issued by the UK Financial Reporting Council, including Financial Reporting Standard 101 Reduced Disclosure Framework and Irish law).

Under Irish law, the directors shall not approve the financial statements unless they are satisfied that they give a true and fair view of the Company's assets, liabilities and financial position as at the end of the financial year and the profit or loss of the Company for the financial year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, subject to any material departures from those standards being disclosed and explained in the notes to the financial statements; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to:

- correctly record and explain the transactions of the Company;
- enable, at any time, the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy; and
- enable the directors to ensure that the financial statements comply with the Companies Act 2014 and enable those financial statements to be audited.

The directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Statement of Directors' Responsibilities for the Sustainability Statement

The Directors are responsible for the preparation of the Sustainability Statement in accordance with Part 28 of the Companies Act 2014 and including the Sustainability Statement in a clearly identifiable dedicated section of the Directors' Report.

The Directors are also responsible for designing, implementing and maintaining such internal controls that they determine are relevant to enable the preparation of the Sustainability Statement in accordance with Part 28 of the Companies Act 2014 that is free from material misstatement, whether due to fraud or error.

In preparing the Sustainability Statement, the directors are required to:

- prepare the statement in accordance with the European Sustainability Reporting Standards ("ESRS") including the selection and application of appropriate sustainability reporting methods;
- disclose the double materiality assessment process performed to identify the information required to be reported in the Sustainability Statement;
- prepare the disclosures within the environmental section of the Sustainability Statement, in compliance with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulations");
- ensure that the Company maintains adequate records for the preparation of the Sustainability Statement;
- make judgements and estimates that are reasonable in the circumstances including the identification and description of any inherent limitations in the measurement or evaluation of information in the Sustainability Statement;
- prepare forward-looking information, where applicable, on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company.

Key Intangible Resources

The Company ambition is to lead responsible growth to our clients. This value creation model to provide a range of financial services products to the Company's clients depends on inputs across strategic priorities. This includes key intangible resources such as brand reputation, employee expertise and technology innovation. These key intangible resources drive strong relationships with the Company's clients and other stakeholders. By leveraging these key intangible resources, the Company strives to empower people to lead responsible growth, while driving the business and competitive advantage.

Going Concern

The Directors have considered the appropriateness of the going concern basis in preparing the financial statements for 2025 on page [74](#), in Note 1 covering Corporate Information.

PRINCIPAL ACTIVITIES

BofA Europe is a wholly owned subsidiary of Bank of America National Association ("BANA") within the Bank of America Corporation. It was established in 2018 as one of two lead lending entities in Europe, Middle East, and Africa region ("EMEA") for Global Banking and Global Markets lending activity, and in Europe, for certain Reg-K eligible, Fixed Income, Currencies and Commodities ("FICC") products, primarily corporate derivatives (subject to risk appetite, exposure limits and jurisdictional permissions).

Through its Global Banking business, BofA Europe offers mergers and acquisitions ("M&A") advisory, leasing financing solutions, treasury solutions, deposits and loan products. Its Global Markets business offer loans through mortgages origination and structuring, credit solutions through the special situations and distressed group, repo financing secured through bonds on a full recourse basis through the structured funding trading desk, rates and currencies sales and trading, and financially settled commodity derivatives.

The Company also provides support services to other companies in the BAC Group. Services provided include information technology ("IT") and operations support, administration and human resources ("HR") support and real estate services.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

BofA Europe's client portfolio comprises the largest global corporates and large regional corporates as well as financial institutions predominantly domiciled in the EMEA region.

It has a branch network which employs relationship bankers across 11 branches in the EU, UK and Switzerland

As at 31 December 2025, the Company was rated by Fitch (AA/F1+) and Standard & Poor's (A+/A-1).

FUTURE DEVELOPMENTS

The directors expect the principal activities of the Company to continue.

CRD VI – Article 21c (third-country provision of core banking services)

Directive (EU) 2024/1619 (CRD VI) introduces Article 21c, which will restrict the provision of core banking services (including deposit-taking, lending and issuing guarantees) by third-country undertakings into EU Member States, unless an exemption applies. Subject to limited carve-outs – such as reverse solicitation, interbank and intragroup transactions, and certain Markets in Financial Instruments Directive II-related exclusions – these services must be provided through an authorised EU branch or subsidiary once the regime becomes applicable.

Member States were required to transpose CRD VI by 10 January 2026, with Article 21c applying from 11 January 2027, including a 'phasing-out' regime for contracts entered into before 11 July 2026.

BofA Europe, as the EU banking entity of the BAC Group, is monitoring national implementation and has approved booking model changes, including the possible re-allocation of certain exposures and balances between group entities to support compliance with the new framework. Any potential impact will depend on the final national transposition measures adopted by individual Member States, the applicability of relevant exemptions and the treatment of contracts entered into before 11 July 2026.

MARKET ENVIRONMENT

During 2025, global macroeconomic conditions remained challenging, with elevated trade-related uncertainty and geopolitical tensions contributing to market volatility. Tariff actions across major economies have impacted global trade flows and introduced inflationary pressures, particularly in commodities. These developments have influenced investor sentiment and contributed to shifts in asset allocation and risk appetite.

In the United States, economic indicators remained broadly resilient, supported by consumer spending and strong corporate earnings. However, elevated tariffs and policy uncertainty have introduced inflationary risks and contributed to volatility across asset classes. The Federal Reserve reduced rates during the year, citing labour market risks and demand-side concerns.

Across Europe, macroeconomic performance remained uneven, with persistent inflation undershoot and limited growth momentum. Central Bank policy remained accommodative, while fiscal measures in select jurisdictions provided targeted support. Market participants continued to monitor trade dynamics and policy developments, which remain key sources of uncertainty.

Despite these headwinds, primary market activity remained robust. EMEA Mergers and Acquisitions ("M&A") volumes improved. Debt Capital Markets ("DCM") issuance remained strong, with high demand for refinancing transactions. Secondary market activity was characterised by elevated volatility, particularly in fixed income, where central bank divergence and geopolitical risks continued to drive client behaviour and trading volumes.

Geopolitical tensions, including ongoing conflicts and energy security concerns, have continued to influence market behaviour. Volatility in energy and agricultural markets, alongside financial sanctions, has impacted pricing and risk management across sectors. Heightened uncertainty in early 2026 surrounding developments in the Middle East, including Iran, contributed to increased market volatility as well as repricing across equity markets as investors assessed the potential for a more extended conflict and broader regional impacts.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Cybersecurity

Cybersecurity is a key operational risk for the Company and the BAC Group. The Company, its employees, customers, and third parties operate within an environment of increasing cybersecurity threat activity that continues to affect the financial services sector more broadly. Accordingly, the BAC Group devotes significant resources to the development and operation of capabilities designed to prepare for, prevent, detect, respond to, and recover from cybersecurity risks, supported by a global workforce and 24/7 cyber operations centres.

The Board of Directors (the "Board") provides regular oversight of the Company's Global Information Security ("GIS") Program, which is designed to safeguard the confidentiality, integrity, and availability of information assets. Together with the Information Security Enterprise Policy, the Company operates a risk-based security framework supported by sustained investment in advanced technology, skilled resources, and continuous improvement processes.

The GIS Program incorporates layered controls and governance structures, including enterprise-wide monitoring, escalation protocols, and independent testing, to strengthen resilience against emerging threats. Policies and standards apply across the enterprise and to third-party suppliers, underscoring the importance of managing risk throughout the supply chain. The Program is designed to prepare for, prevent, detect, respond to, and recover from cybersecurity incidents, and undergoes regular internal and external assessments to validate its effectiveness.

While cybersecurity threats continue to evolve, including the increasing use of advanced technologies by malicious actors, the Company's comprehensive controls and governance processes are intended to mitigate the likelihood and impact of major incidents. In 2025, the Company did not experience any material losses or other material consequences relating to cyberattacks or other information or security breaches, whether directed at the Company or third parties.

CORPORATE GOVERNANCE

BofA Europe has a strong governance framework designed to ensure the effective management and oversight of the entity and support robust review and challenge of material decisions. The framework strongly interlinks Board, risk and business oversight and decision making. There are clearly defined roles and responsibilities which are effectively overseen by the Board and senior management to ensure the primacy, stability and sustainability of BofA Europe. The governance framework aligns to the Central Bank of Ireland Corporate Governance Requirements for Credit Institutions 2015 (the Requirements) and additional requirements for institutions deemed "significant" for the purposes of the Capital Requirements Directive IV ("CRD IV"), as amended by Capital Requirements Directive V (CRD V) and the Capital Requirements Regulation ("CRR"), as amended by the Capital Requirements Regulation 2 ("CRR II"), European Banking Authority ("EBA") Guidelines on Internal Governance, in addition to applicable legislation, regulations and BAC governance standards. All policies are reviewed for suitability against relevant laws, rules and regulations and are approved or adopted, as appropriate, by relevant BofA Europe governance forums, including the Board.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's risk management objectives and policies, as well as exposures in relation to the seven key risk types (market, credit, operational and compliance, liquidity, reputational and strategic risks) and climate and environmental risks are described in the notes to the financial statements.

For details of the Company's risk management policies, see note 41.

GOVERNANCE

BofA Europe operates a three line of defence governance structure across Lines of Business ("LoBs") (1st line of defence), Global Risk Management (2nd line of defence) and Corporate Audit (3rd line of defence) to ensure independent review, challenge and reporting in relation to the internal governance and internal control environment. BofA Europe also has control functions ("CFs") outside of LoBs and Global Risk Management (e.g. Legal and Human Resources), that provide guidance and subject matter expertise in support of managing the risks and operations of the entity.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

The CBI Senior Executive Accountability Regime ("SEAR") element of the Central Bank (Individual Accountability Framework) Act 2023 (the IAF Act) came into effect on 1 July 2024 for the management team and 1 July 2025 for Non-Executive Directors and is applicable for those performing a Pre-approval Controlled Function ("PCF") role. BofA Europe has reviewed and further strengthened its governance framework model to support IAF.

The Board is responsible for, amongst other things:

- The effective, prudent and ethical oversight of the BofA Europe
- Establishment of BofA Europe's culture
- Setting and overseeing the business strategy for BofA Europe within the applicable legal and regulatory framework, taking into account BofA Europe's long-term sustainability and financial interests and solvency
- Setting the risk strategy for BofA Europe, as well as its risk appetite and risk framework
- Ensuring that all forms of capital, liquidity and risk are properly managed and within Board set limits and are adequate to cover the business risks of BofA Europe
- Ensuring a proper organisational structure, a remuneration framework, and an adequate and effective internal governance and internal control framework, including key policies for BofA Europe are in place

The Board formally reviews the corporate governance structure of BofA Europe on an annual basis to ensure that it continues to meet regulatory and legal requirements.

The Board ensures suitable risk management and controls through the Board Risk Committee ("BRC"), Audit Committee, Nominations Committee, Remuneration Committee, Standing Committee, Management Risk Committee ("MRC"), Asset and Liability Committee ("ALCO") and the Executive Council ("ExCo").

The BRC assists the Board in fulfilling its oversight responsibilities relating to senior management's responsibilities regarding the identification of, monitoring of, and control of the following keys risks of the Company: market, credit, operational and compliance, liquidity, reputational and strategic risks.

The Audit Committee assists the Board in fulfilling its oversight responsibilities relating to the preparation and integrity of the Company's financial statements, the Directors' Compliance Statement and oversight of related disclosure matters; qualifications, independence and performance of, and the Company's relationship with the External Auditors and reviewing the scope and engagement terms of the External Auditors; performance and independence of the Company's Internal Audit function; and performance and independence of the Company's Compliance function.

The Nominations Committee assists the Board in fulfilling its oversight responsibilities regarding the governance of the Board relating to nominations to the Board; reviewing and reporting to the Board on matters of corporate governance principles applicable to the Company, reviewing and reporting on Board succession planning; reviewing and reporting to the Board on senior management talent planning and succession; and leading the Board and its committees in their assessments of their performance.

The Remuneration Committee assists the Board in fulfilling its oversight responsibilities relating to the development of, and implementation of the Company's remuneration policies and related regulatory requirements.

The MRC reports to the BRC which is a committee appointed by the BofA Europe Board of Directors ("the Board"), and is responsible for management oversight of key risks facing the Company and its branches, including market, credit, operational and compliance, liquidity, reputational and strategic risks, in addition to balance sheet, capital, liquidity management and stress testing activities.

The ALCO reports to the MRC and is a business focused forum to achieve effective strategic balance sheet management and Responsible Growth taking into account regulatory and market conditions. The ALCO Identifies, escalates and debates capital, liquidity, interest rate risk in the banking book (IRRBB) and market risk in the banking book (MRBB) risks.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

The Board has delegated the day-to-day management of the entity to the BofA Europe CEO, who has authority to further delegate a further proportion of his or her authority to the other senior executives, who are fully accountable and responsible for ensuring that risk and control mechanisms are in place and working effectively.

Responsibility for the implementation of business strategy and monitoring performance is delegated to the Executive Council who shall have the authority and responsibilities set forth in its Terms of Reference, and any other duties that may be delegated to it by the Board.

REVIEW OF FINANCIAL STATEMENTS AND RELATED ESTIMATES AND JUDGEMENTS

The Audit Committee discharges its responsibility for the monitoring and integrity of the financial statements through:

- Review of the financial statements for completeness and compliance with relevant accounting standards and other regulatory and legal requirements;
- Overseeing the integrity of BofA Europe's financial reporting, including sustainability reporting requirements
- Reporting to the Board on the consistency and appropriateness of critical accounting policies and any changes thereto, taking into account the views of the Independent Auditors;
- Review of any correspondence from regulators in relation to financial reporting;
- Review of the going concern statement; and
- Review and challenge of material financial reporting judgements, estimates and the actions and judgements of management including those in respect of valuation of financial instruments.

For further detail on the critical accounting estimates and judgements, see note 3.

RESULTS AND DIVIDENDS

The Company's profit on ordinary activities after tax was \$1,280 million (2024: \$1,329 million) as set out in the income statement.

The directors do not recommend the payment of a dividend for the year ended 31 December 2025 (2024: \$nil).

BUSINESS REVIEW

In comparison with the year ended 31 December 2024, profit on ordinary activities before tax decreased \$134 million to \$1,627 million reflecting higher operating expenses and staff costs along with lower net interest income and other operating income offset by higher trading and fair value income and fee and commission income.

Summary income statement

	2025	2024	Change
	\$M	\$M	\$M
Net interest, fee and commission income	1,666	1,701	(35)
Net trading and fair value gains	697	456	241
Other operating income	954	1,104	(150)
Total operating income	3,317	3,261	56
Staff costs	(713)	(623)	(90)
Depreciation and other operating expenses	(905)	(787)	(118)
Impairment charge for credit losses	(72)	(90)	18
Total operating expenses	(1,690)	(1,500)	(190)
Profit before tax	1,627	1,761	(134)

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Total operating income

Total operating income increased by \$56 million to \$3,317 million primarily due to an increase in net trading and fair value gains and net fees and commission; offset by decrease in net interest and other operating income.

Net interest, fee and commission income

This income reflects the performance of the Company's lending, Corporate Treasury and Treasury Services and payments businesses, consisting primarily of corporate and institutional lending, credit card and investment banking fees in addition to certain asset backed lending, secured lending and leasing activity.

The decrease in net interest, fee and commission income of \$35 million relates to

- \$221 million decrease in net interest income, resulting from lower interest rates in 2025 compared to 2024.
- \$186 million increase in net fees and commission income resulting from increase in Mergers & Acquisition Advisory fees

Net trading and fair value income

This income reflects the profits on the Company's trading asset portfolio as well as certain lending transactions and economic hedging positions which the Company has measured at Fair Value through Profit and Loss ("FVPL").

Other operating income

This income is primarily generated through the Company's services to other affiliates in the BAC Group. Service fee income is computed in accordance with BAC Group's Global Transfer Pricing Policy. The Company's service fee income relates to both its Support Services activity and income generated by Global Banking and Global Markets activities.

Total operating expenses

Total operating expenses increased \$190 million to \$1,690 million compared with the year ended 31 December 2024 as outlined below.

Staff costs are driven by Salaries, Wages and Incentive related expenses, increased by \$90m to \$713m, relates to higher headcount, higher incentive and related payroll tax accruals, partially offset by lower severance costs.

Depreciation and other operating expenses

Depreciation expenses are incurred by the Company on property, plant and equipment and right of use assets used as part of its ongoing activities. There were no significant fixed asset additions during the year. Other operating expenses primarily relate to service fee expenses resulting from the purchase of services from other affiliates in the BAC Group. The charges are computed in accordance with BAC Group's Global Transfer Pricing Policy, reflecting the economic contribution of the affiliate.

Impairment charge for credit losses

This represents the charge or release arising from the provision for expected credit losses ("ECL") on the Company's lending businesses. The Company's loan loss provisions increased from \$225 million in 2024 to \$297 million in 2025, resulting in a net charge of \$72 million to the Profit and Loss account. This increase was primarily driven by higher loan exposures and the impact of macroeconomic uncertainty affecting rating downgrades. The movement reflects the Company's application of IFRS 9 principles and best estimates of expected credit losses.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

Summary Balance Sheet

	2025	2024	Change
	\$M	\$M	\$M
Cash held at central banks	23,923	23,077	846
Loans and Advances	45,497	40,722	4,775
Reverse repurchase agreements	24,817	12,638	12,179
Trading assets	1,555	1,525	30
Investment securities	2,391	2,207	184
Derivative financial instruments	4,750	2,931	1,819
Other assets	2,358	2,354	4
Total Assets	105,291	85,454	19,837
Deposits	77,316	61,751	15,565
Other liabilities	10,576	7,676	2,900
Total Liabilities	87,892	69,427	18,465
Shareholder's Equity	17,399	16,027	1,372
Total Liabilities and Equity	105,291	85,454	19,837

The Company's total Assets and Liabilities were \$105,291 million and \$87,892 million respectively as at 31 December 2025. Both Assets and Liabilities increased, with Asset growth of \$19,837 million and Liabilities increasing \$18,465 million when compared with the year ended 31 December 2024.

The Company raises liabilities in the same currencies as the underlying assets being funded wherever it is possible to do so. Currency movement against the US dollar therefore increases or decreases the balance sheet with similar movements across assets and liabilities. The US dollar depreciated against the Euro and Sterling currencies in 2025 resulting in Balance Sheet growth.

The liabilities increase was mainly due to higher intercompany deposits, providing additional liquidity reflected in the reverse repurchase assets. This liquidity need was generated by growth in off-balance sheet commitments over the year.

Increase in Derivative Assets offset increase in Derivative Liabilities (within Other Liabilities) as netting conditions are not met and such derivatives are primarily interest rate, FX and Credit Default Swaps ("CDS") swaps to cover underlying risk.

Shareholder's Equity stood at \$17,399 million, up from \$16,027 million in 2024 mainly driven by profits generated in the current year.

Tax

The Company's effective tax rate for the year is 21.4% (2024: 24.6%) driven mainly by foreign tax liabilities arising from the London branch. For details of the factors affecting the tax charge for the year, see note 13.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Capital

As at the end of the current and prior years the Company exceeded external capital requirements. Total eligible regulatory capital (exclusive of audited profits in both 2024 and 2025) increased from \$16,214 million as at 31 December 2024 to \$17,694 million as at 31 December 2025, which consisted of \$15,684 million Tier 1 capital (2024: \$14,202 million) and \$2,010 million Tier 2 capital (2024: \$2,012 million).

The Company's total capital ratio as at 31 December 2025 was 25.0% (2024: 26.7%), significantly exceeding the minimum capital requirement.

The Company also has \$3,500 million (2024: \$3,500 million) of MREL (Minimum Requirement for own funds and Eligible Liabilities) eligible liabilities for resolution capital purposes.

Further information on the Company's capital requirements under CRD and the CRR, is available in the Company's Pillar 3 disclosure document available on the firm's website <http://investor.bankofamerica.com>.

Liquidity

The Company is subject to the European Commission's CRD, the European Banking Authority's CRR and CBI liquidity requirements through which it must demonstrate self-sufficiency for liquidity purposes. The Company primarily funds its balance sheet through intercompany term funding, unsecured deposits (including certificates thereof) and capital (included capital-related items). These funding sources are used to support the Company's lending, capital markets activity and to ensure sufficient liquidity at hand for adverse scenarios.

INDEPENDENT AUDITORS

The auditors, PricewaterhouseCoopers ("PwC") were appointed to the Company on 7 May 2025 following shareholder approval at the 2025 Annual General Meeting on that date. PwC were appointed in place of Forvis Mazars who resigned from office.

Furthermore, PwC shall continue to hold office until the conclusion of the next Annual General Meeting of the Company, pursuant to section 383(2) of the Companies Act 2014 at which time their continued appointment will be proposed to the shareholders for approval pursuant to an advisory resolution. PwC have indicated a willingness to continue in office in accordance with section 383(2) of the Companies Act 2014.

NON FINANCIAL STATEMENT

In accordance with Part 28 of Companies Acts 2014, the Company has prepared a Sustainability Statement for the year ended 31 December 2025 (and comparatives for year ended 31 December 2024). This Information requirement is in accordance with the EU (disclosure of non-financial and diversity information by certain large undertakings and groups) Regulations 2017 (the 'Irish NFRD Regulations') can be found in the Sustainability Statement.

The Sustainability Statement for the year ended 31 December 2025 (year ended 31 December 2024) has been prepared by the Company. This is in line with the basis used in the financial statements.

POLITICAL CONTRIBUTIONS

The directors have satisfied themselves that there were no political contributions during the year (2024: \$nil) that require disclosure under the Electoral Act 1997.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

ECB GUIDE ON CLIMATE-RELATED AND ENVIRONMENTAL RISKS

The ECB is of the view that institutions should take a strategic forward-looking and comprehensive approach to considering climate-related and environmental risk. The ECB Guide on Climate-related and Environmental Risks ("ECB Guide") was published in 2020 and details how the ECB expects institutions to become more transparent by enhancing their climate-related and environmental disclosures. In particular, the guide's expectations include disclosing certain metrics, which are made in this section.

Climate and Environmental Risk Management

Climate and environmental risks are divided into two major categories, both of which span the Company's seven key risk types:

- *Physical Risk*: Risks related to the physical impacts of climate change and from dependencies on physical environmental factors
- *Transition Risk*: Risks related to the transition to a more sustainable economy (i.e., low-carbon economy and more sustainable environmental practices)

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase the Company's risks, including credit risk by diminishing borrowers' repayment capacity or collateral values and operational risk by negatively impacting the Company's facilities, employees, or third parties. Climate-related transition risks may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Company or the counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk.

The Company has adopted the BAC Risk Framework which sets forth the roles and responsibilities for the management of risk by lines of business, Global Risk Management, other control functions and Corporate Audit. Building off the Risk Framework, the Company has developed a legal entity specific Climate and Environmental Risk Framework ("C&ERF") to articulate how the Company identifies, measures, monitors and controls climate and environmental risk. The framework also details the roles and responsibilities for climate risk management across the three lines of defence.

All risks, including climate and environmental risks, are managed through existing risk identification, measurement, monitoring and control processes. This is done, for example, by supplementing existing risk management policies, processes and activities with climate and environmental risk considerations, where appropriate.

- **Risk Identification** – To be effectively managed, climate and environmental risk must be proactively identified and well understood. BofA Europe's risk identification is an ongoing process that incorporates input from stakeholders across LoBs and CFs with relevant expertise. It is designed to be forward-looking and to capture relevant risk factors to which the Company is or may be exposed. In recent years, BofA Europe has enhanced its risk identification process to incorporate climate and environmental related factors such as physical (acute and chronic) and transition risk across LoBs and CFs. BofA Europe expanded its risk identification capabilities to embed additional climate and environmental risk considerations such as sector, product and geography and to connect new and existing risks to climate and environmental risk categories, aligning specific perils and/or transition categorisation across short- (< 3 years), medium- (3-5 years), and long-term (> 5 years) time horizons.
- **Risk Measurement** – BofA Europe's measurement of climate and environmental risk is conducted using a range of qualitative and quantitative methods across the LoBs and CFs using scenario analysis along with tools, such as industry, country and borrower-level assessments, to better understand the climate and environmental risks posed to BofA Europe's business, operations, clients and counterparties.
- **Risk Monitoring** – To monitor physical and transition risk exposure across all seven risk types, climate and environmental risk has been embedded into existing risk management processes and integrated into metrics

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

and reporting, where relevant. This includes the delivery of both detailed metrics at the individual risk level as well as an aggregated, cross-risk report which is provided to the BRC and management.

- Risk Controls – Risk controls are implemented through processes, policies, procedures, limits and governance. Risk management policies are regularly updated to incorporate climate and environmental risk considerations, where applicable, ensuring that appropriate controls are embedded across risk categories.

BofA Europe continues to build out and enhance its climate-related and environmental risk management capabilities in line with Company and regulatory expectations.

Climate and Environmental Risk Management by Risk Type

Examples of how potential climate and environmental risks to BofA Europe are managed are outlined below:

- Credit Risk

Climate and environmental risk in the commercial credit portfolio arises from physical risks to client assets and operations, and from transition risks as businesses adapt to policy, technology or market changes, including changing customer preferences. We actively monitor these risks by assessing potential impacts at an industry, geographic and borrower-level. We classify countries and industries from Very Low to Very High climate risk based on an individual country or industry's vulnerability to both physical and transition risks. Climate-related and environmental risks are evaluated during underwriting through industry risk guidelines and borrower level assessments. The results of these assessments trigger documentation requirements in the credit approval documents and considerations at underwriting, as appropriate.

As the Company's understanding of nature-related risks evolves, the Company is using various tools, such as heat mapping, to identify nature-related risks and assess the impacts they may have on BofA Europe's business as well as how the Company's business activities may be affecting the natural environment.

- Market Risk

Climate-related and environmental impacts to Market Risk are measured and monitored at the issuer and portfolio level. Reporting has been deployed, whereby market risk sensitivities and price impacts are aggregated by sector and geographies across various asset classes in fixed income to identify and monitor climate-sensitive concentrations. Where applicable, country climate risk classifications are used to aggregate risk sensitivities for rates, foreign exchange and sovereign trading instruments into climate-sensitive exposures. Stress tests are also used to understand the impact of climate risks on trading portfolios and counterparty exposures, with a particular focus on identifying concentrations of climate risk, including monitoring of results within a monthly dashboard. Metrics continue to be developed to take advantage of improved industry data and modelling for the measurement of both transition and physical risks.

- Liquidity Risk

Climate-related and environmental impacts to BofA Europe's Liquidity Risk are measured and monitored at the portfolio level. The Company undertakes climate and environmental risk assessments for key drivers of BofA Europe's liquidity. Reporting includes metrics to track climate sensitive industry concentration in funding sources and uses.

- Compliance Risk

The Company regularly assesses the compliance risks associated with climate and environmental topics, which have been aligned to its processes. The assessment is conducted by reviewing inherent risk, the control environment and residual risk based on independent coverage activities including compliance monitoring, tracking of issue trends, and the testing and assessment of controls. The Company also evaluates the applicability and impact of new and amended laws, rules and regulations related to climate and environmental topics and executes changes needed to comply.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

- Operational Risk

The Company regularly assesses the operational risks associated with climate change and environmental impacts through the analysis of operational losses, controls monitoring and testing, and process focused risk reviews. In addition, we track climate-related operational losses and monitor our reliance on locations with elevated climate risk to help ensure we maintain critical functions in the face of increasing climate volatility. Operational risks with climate and environmental triggers, such as greenwashing and business continuity, are managed through control frameworks at the enterprise and/or line of business level.

- Reputational and Strategic Risk

Certain business activities with heightened reputational risk arising from climate, environmental, or broader sustainability concerns must go through an enhanced due diligence process. Depending on the level of risk identified, these activities may be escalated to an appropriate senior governance forum for decisioning. The Company proactively monitors and evaluates changes to the internal and external environment and potential impact to strategy, including impacts due to climate and environmental risk.

ECB Guide Metrics

The ECB Guide sets the expectation that institutions should make voluntary disclosures related to financed emissions, weighted average carbon intensity, volume of exposure by counterparty sector, carbon-related assets, credit risk exposure by country, and real estate exposures and collateral by country. In line with regulatory expectations, these disclosures are made below.

Financed Emissions

The Company indirectly generates Greenhouse Gas ("GHG") emissions through its lending activities, which are referred to as financed emissions. These emissions are the largest source of the Company's GHG emissions. Please refer to the Scope 1, 2, and Significant Scope 3 GHG Emissions' subsection in the Environment section of the Sustainability Statement for details of the Company's Scope 3 GHG financed emissions and related methodology.

Weighted Average Carbon Intensity ("WACI")

The weighted average carbon intensity measures the carbon intensity of the Company's counterparties weighted by the extent of the Company's financing activities to those companies. The metric is calculated for the Company's commercial credit portfolio (excluding commercial real estate on the basis of materiality), and the formula is:

$$tCO_2e/\$m = \sum \frac{\text{current value of investment}}{\text{current portfolio value}} \times \frac{\text{client GHG emissions}^{(a)}}{\text{client total revenue}}$$

^(a) Client GHG emissions include scope 1, 2 and 3 where available

WACI for the Company's Commercial Lending Portfolio:

	2025	2024
Weighted average carbon intensity (tCO ₂ e per \$m client revenue)	1,094	924

Calculating client emissions demands significant allocation of analytics, data, technology and modelling resources. BAC has built and continues to enhance an internal technology system to, among other things: collect and house client emissions data, estimate client emissions where not available, and quantify emissions-related metrics such as weighted average carbon intensity. Where possible, client-reported emissions data are prioritised to conduct these calculations and monitor client progress over time.

The initial step in calculating weighted average client intensity is to gather data on clients' emissions. However, clients vary widely in their disclosure of emissions, and even when reported, data is often not verified by a third party. Additionally, there is no one data source, or even group of data sources, that adequately and consistently cover the Company's needs for client emissions data. Historic reported emissions and client revenue data have

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

been sourced for some clients from their public reports and the Company also leveraged certain third-party suppliers. Emissions data are sourced from:

- Reported client emissions as sourced through S&P Global Trucost, MSI, MSCI or Environmental Resources Management ("ERM").
- Reported client or site emissions from publicly available databases (such as the EPA16 or CDP) and/or the Company disclosures.
- Estimations from S&P Global Trucost or ERM based on either reported client data or their proprietary estimation model.

In addition, financial information such as client revenue is derived/sourced from suppliers and manually sourced client reports either publicly disclosed or provided to the Company.

As noted above, determining financed emissions and WACI emissions-related metrics both rely on determining client emissions and client revenue. Additional details on the related inherent data challenges with gathering client data are detailed in the Data challenges subsection of Scope 3 GHG financed emissions of the Sustainability Statement.

Volume of Exposure by Sector and Carbon related Assets

The table below presents the Company's commercial committed exposure by Nomenclature statistique des Activités Economiques dans la Communauté Européenne ("NACE") industry sector.

Committed commercial credit exposure by NACE industry sector

	\$ in millions as at 31 December 2025		\$ in millions as at 31 December 2024	
	Total committed commercial credit ^(a)	% of total exposure	Total committed commercial credit ^(a)	% of total exposure
A - Agriculture, forestry and fishing	—	— %	—	— %
B - Mining and quarrying	3,343	3.2 %	2,266	2.5%
C - Manufacturing	23,476	22.1 %	18,423	20.6%
D - Electricity, gas, steam and air conditioning supply	4,570	4.3 %	5,196	5.8%
E - Water supply; sewerage, waste management and remediation activities	311	0.3 %	254	0.3%
F - Construction	962	0.9 %	1,083	1.2%
G - Wholesale and retail trade; repair of motor vehicles and motorcycles	5,237	4.9 %	4,400	4.9%
H - Transportation and storage	2,048	1.9 %	2,166	2.4%
I - Accommodation and food service activities	147	0.1 %	233	0.3%
J - Information and communication	3,874	3.7 %	3,865	4.3%
K - Financial and insurance activities	50,939	48.2 %	40,162	44.9%
L - Real estate activities	2,655	2.5 %	3,340	3.7%
M - Professional, scientific and technical activities	2,683	2.5 %	2,415	2.7%
N - Administrative and support service activities	5,131	4.8 %	4,964	5.6%
O - Public administration and defence; compulsory social security	45	— %	15	— %
P - Education	15	— %	13	— %
Q - Human health services and social work activities	44	— %	125	0.1%
R - Arts, entertainment and recreation	486	0.5 %	654	0.7%
S - Other service activities	61	0.1 %	23	— %

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

	\$ in millions as at 31 December 2025		\$ in millions as at 31 December 2024	
	Total committed commercial credit ^(a)	% of total exposure	Total committed commercial credit ^(a)	% of total exposure
U - Activities of Extraterritorial Organisations and Bodies	7	— %	—	— %
	106,034	100.0 %	89,597	100.0 %

^(a) includes loans and advances to banks and customers, and the notional amount of unfunded legally binding commitments.

The Company considers carbon-related assets to be assets in sectors identified by NACE codes A to H and L, as specified in Recital 6 of the Commission Delegated Regulation (EU) 2020/1818, and the specific sub-sectors included are defined in Annex I, template 1 of Commission Implementing Regulation (EU) 2022/2453.

The percentage of the Company's exposure to these carbon related sectors to total exposure for year ended 31 December 2025 was 40.2% (2024: 41.4%).

Credit Risk Exposures by Country

The Company monitors concentration of credit risk by sector and by geographic location. An analysis of concentration by geography of credit risk exposure is included in note 41 'Risk management'. The Company uses a bespoke in-house methodology to assess climate change risk using several external indicators. The methodology produces three different scores and classifications for physical, transition and overall climate risk using weighted average of relevant metrics that are sourced externally.

Credit risk exposure in relation to the Company's commercial lending activities, which includes the notional of unfunded legally binding commitments, was \$10,921 million (2024: \$9,044 million) in geographies deemed as medium to high physical climate risk.

Total assets do not include unfunded legally binding commitments. 6.8% (2024: 7.2%) of the Company's total assets are exposed to geographies deemed as medium physical climate risk. The Company has 0% (2024: 0%) of total assets exposure in countries deemed as high and very high physical risk.

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DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2025

Real Estate Exposures and Collateral by Country

The table below shows an analysis of the Company's commercial real estate ("CRE") portfolio exposures by geography of collateral:

	CRE committed commercial credit ^(a)	
	2025	2024
	\$M	\$M
Belgium	97	—
Finland	220	136
France	122	308
Germany	914	658
Ireland	66	59
Italy	538	328
Netherlands	130	300
Spain	74	207
Sweden	254	229
United Kingdom	1,664	1,993
	4,079	4,218

^(a) includes the notional amount of unfunded legally binding commitments.

Included within the table above is exposure of \$538 million (2024: \$328 million) to countries deemed as medium physical climate risk, and \$nil to countries deemed high or very high physical climate risk (2024: \$nil). The commercial real estate exposure does not represent a material climate risk for the Company.

All climate risk exposure metrics were calculated using only the physical risk classification.

ACCOUNTING RECORDS

The measures taken by the directors to ensure compliance with the requirements of sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The Company's accounting records are maintained at the Company's registered office.

DIRECTORS' AND SECRETARY'S INTEREST IN SHARES

The directors and the Company secretary had no beneficial interest in the shares of the Company that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the directors' report.

The directors have availed of the exemption available under section 260 of the Companies Act 2014 to not disclose interests of less than 1% in BAC.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

DIRECTORS

The directors of the Company who were in office during the year and up to the date of approval of this report, except where noted, were:

Executive Directors

A. Jancic (Chief Executive Officer) (appointed 18 December 2025)

F. Vicario (Chief Executive Officer) (resigned 18 December 2025)

J.H.R. Lee

Group Non-Executive Directors

B.E. Bilgi Zapparoli (Non-executive director) (appointed 7 March 2025)

P.M. Donofrio (Chair)

B.A. Mensah

Independent Non-Executive Directors

O.T. Bussmann

I. de Dinechin

S.A. James

N.M. Jordan

R. McHugh

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company's Independent Auditors are unaware; and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's Independent Auditors are aware of that information.

DIRECTORS' COMPLIANCE STATEMENTS

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)). The directors confirm that:

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up setting out the Company's policies, which, in the directors' opinion, are appropriate to ensure compliance with the Company's relevant obligations;
- appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements or structures has been conducted in the financial year to which this report relates.

The Company is subject to the CBI's Corporate Governance Requirements for Credit Institutions 2015, including the additional obligations set out for entities designated High Impact by the CBI. A statement of compliance is approved by the Board and submitted to the CBI annually.

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025**

ELECTRONIC DISTRIBUTION

The directors are responsible for ensuring that the Company's financial statements are provided for inclusion on the website of the Company's ultimate parent undertaking, BAC. The work carried out by the Independent Auditors does not involve consideration of these matters and accordingly, the Independent Auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

This report was approved by the Board on 13 March 2026 and signed on its behalf.



A. Jancic
Director



J.H.R. Lee
Director

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

GENERAL SECTION

Basis for preparation of the Sustainability Statement

This Sustainability Statement was prepared in accordance with Part 28 of the Companies Act 2014 and the ESRS. The scope of the statement is identical to the financial statements, i.e. on an individual basis covering BofA Europe and its eleven branches.

Time horizons used for sustainability reporting were defined in line with CSRD guidance i.e. short term (up to 1 year), medium term (1-5 years) and long term (more than 5 years). If time-horizons mentioned in this annual report are not aligned then this will be reported alongside the relevant disclosures.

The Sustainability Statement has been subject to a limited assurance review by PricewaterhouseCoopers, a statutory audit firm, as stated in their accompanying report, as of 31 December 2025. Their limited assurance procedures do not extend to any links or references to material outside of the Annual Report unless clearly otherwise indicated to the contrary. Their limited assurance report is included on pages [55](#) to [58](#) and should be read in conjunction with this Sustainability Statement. Reported metrics are subject to limited assurance procedures by PricewaterhouseCoopers (2024: Forvis Mazars where not amended) and are not further validated by another external body unless stated.

Disclosures in relation to specific circumstances

A list of the references used for ESRS disclosure requirements and data points mandated by the ESRS and other EU legislation are included in the sustainability appendix to the Sustainability Statement on pages [50](#) to [52](#).

Where estimates have been required or any areas of uncertainty exist in preparing the disclosures in this sustainability statement, this has been referenced in the corresponding section.

Key Corporate Sustainability Reporting Directive ("CSRD") sustainability related policies and frameworks which cover each sustainability matter identified as material are listed on page [53](#) in the sustainability appendix.

In the preparation of the Sustainability Statement, the Company has not omitted any specific piece of information corresponding to intellectual property, knowledge or the results of innovation and has not utilised any exemption from impending developments or matters in the course of negotiation, as provided for in articles 19a(3) and 29a(3) of Directive 2013/34/EU.

Governance of Sustainability Matters

The BofA Europe governance framework aligns to applicable governance legislation, regulations, and Bank of America Corporation ("BAC") governance standards, including the Irish Companies Act 2014 (as amended), the CBI Corporate Governance Requirements for Credit Institutions 2015 and additional requirements for institutions deemed "significant" for the purposes of CRD IV (as amended), the EBA Guidelines on Internal Governance, and the EBA/European Securities and Markets Authority ("ESMA") Joint Guidelines on suitability of members of the management body and key function holders (together, "the applicable Governance Requirements").

The Board exercises governance and control over the legal entity and is responsible for overseeing management of legal entity matters. The Board is appropriately composed and structured to ensure compliance with the applicable Governance Requirements and other relevant regulations and expectations issued by the European regulatory authorities including the ECB, EBA, CBI, ESMA and the Single Resolution Board ("SRB"). The key details of the Board's operation, including identification and management of potential conflicts of interest, are set out in the Company Constitution, the Corporate Governance Guidelines, the Committee Charters and other relevant documents (together, "the Board Governing Documents").

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

The powers and authority of the Board to act are conferred through the Company's Constitution. The Board is responsible for, amongst other things:

- The effective, prudent and ethical oversight of the Company;
- Establishment of the Company's culture;
- Setting, overseeing and monitoring the business strategy for the Company within the applicable legal and regulatory framework, taking into account the Company's long term sustainability and financial interests and solvency;
- Setting the risk strategy for the Company, as well as its risk appetite and risk framework;
- Ensuring that all forms of capital, liquidity and risk are properly managed and within Board set limits, and are adequate to cover the risks of the Company; and
- Ensuring a proper organisational structure, a remuneration framework, and an adequate and effective internal governance and internal control framework, including key policies for the Company are in place.

The Board formally reviews the corporate governance structure of BofA Europe on an annual basis to ensure that it continues to meet regulatory and legal requirements.

Board Composition

The Board is composed of Non-Executive Directors ("NEDs") without executive management responsibilities for the Company and Executive Directors ("EDs") with executive management responsibilities for the Company, among them the Chief Executive Officer ("CEO") of the Company. The Board is led by the Chair who is a NED. Certain NEDs may be classified as Independent Non-Executive Director's ("INEDs") and others as Group Non-Executive Directors ("GNEDs"). The Board does not currently include employee or worker representatives.

The Board, with the input of the Company's shareholder (as required), determines the number of directors to be members of the Board from time to time in accordance with the applicable Governance Requirements. The Company shall at all times have a minimum of seven directors and at least three INEDs or such greater number as is required by the CBI. As a group subsidiary, the majority of the Board is comprised of a combination of GNEDs and INEDs.

The Nominations Committee assists the Board in the nomination of candidates to the Board. In doing so the Committee 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, but not limited to, gender when identifying a candidate. Additional considerations may include professional experience and educational background, tenure and geographical provenance. The Nominations Committee will determine a Role Profile and Job Description for vacancies on the Board.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

Table 1 – Board Composition as of 31 December 2025

Director	Type of Directorship	Committee Membership	Gender
P.M. Donofrio (Chair)	GNED	Nominations Committee Remuneration Committee	Male
B.E. Bilgi Zapparoli	GNED	Not Applicable	Female
O.T. Bussmann	INED	Audit Committee BRC	Male
I. de Dinechin	INED	Audit Committee Nominations Committee Remuneration Committee	Female
S.A. James	INED	Audit Committee BRC Nominations Committee (Chair) Remuneration Committee (Chair)	Female
N.M. Jordan	INED	Audit Committee BRC (Chair)	Male
R. McHugh	INED	Audit Committee (Chair) BRC Nominations Committee Remuneration Committee	Female
B.A. Mensah	GNED	BRC Standing Committee	Male
J.H.R. Lee (CFO)	ED	Standing Committee	Male
A. Jancic (CEO)	ED	Standing Committee	Male

The Board was comprised of:

	2025	2024
EDs	2 (20%)	2 (22%)
GNEDs	3 (30%)	2 (22%)
INEDs	5 (50%)	5 (56%)

The Board includes members with experience in the geographic regions in which BofA Europe is active: EU/EEA, Europe (non-EU/EEA) and the Middle East and Africa. The Board includes members with experience in the Global Corporate and Investment Banking and Global Markets sectors and their products. Directors have indicated that they have extensive practical experience in these sectors (5+ years), indicating a high level of understanding and ability to challenge.

The Nominations Committee is responsible for deciding on a target for the representation of the underrepresented gender (women) on the Board and how to meet it (as required). The Nominations Committee has set a minimum requirement of 25% and a target of 40% for the underrepresented gender for the Board. The target is reviewed by the Nominations Committee at least annually as part of Board succession planning discussions. As of 31 December 2025, there were 4 (2024: 3) women (40%) (2024: 33%), and 6 (2024: 6) men on the Board (a ratio of 2:3) (2024: a ratio of 1:2), meeting both the target and the minimum requirement for the underrepresented gender set by the Nominations Committee and reflecting progress against the target versus 2024.

Roles and responsibilities

In addition to the general roles and responsibilities of the Board set out above, the Board is responsible for sustainability matters covering oversight of impacts, risks and opportunities.

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

In relation to sustainability matters, the Board is responsible for:

- Setting the business and risk strategy including consideration of sustainability matters for the Company
- Overseeing sustainability matters including climate and environmental related factors and risks for the Company
- Overseeing the Company's response to, and implementation of, regulatory requirements related to sustainability matters including climate and environmental related factors and risks for the Company
- Conducting periodic reviews of the management-level organisational structure and roles and responsibilities for sustainability matters including climate and environmental related factors and risks for the Company, including Key Performance Indicators and Key Risk Indicators

Details of the role and expertise of the Board related to Business Conduct matters can be found on page [45](#).

Updates on sustainability matters, including consideration of impacts, risks and opportunities, are provided in the formal meeting materials and other ad-hoc communication as required.

The Board has delegated the day-to-day management of the entity, including sustainability matters covering the monitoring, management and oversight of impacts, risks and opportunities, to the BofA Europe CEO, who has authority to further delegate a proportion of their authority to other senior executives, who are fully accountable and responsible for ensuring that appropriate mechanisms are in place and working effectively.

The Management Team is composed of senior and experienced executives and is supported by a number of committees and forums, all of which report or can escalate to the Executive Council or Management Risk Committee and as appropriate to the Board or the relevant Board committee.

The Board has the authority to discharge its responsibilities through committees and sub-committees. The Board may establish such committees or eliminate any existing committees as it deems appropriate in accordance with the applicable Governance Requirements and the applicable Board Governing Documents. Each committee of the Board has the authority and responsibilities set forth in the resolutions creating it, the applicable committee charter and as may be delegated to it by the Board from time to time. The Board has established the following Committees: BRC; Audit Committee; Nominations Committee; Remuneration Committee; and Standing Committee. The duties and responsibilities of the Committees are set out in the Governance section of the Directors' Report.

In relation to sustainability matters, the Board Committees are responsible for:

BRC

- Overseeing the identification of, measurement of, monitoring of, and control of the key risks for BofA Europe (Strategic risk, Credit risk, Market risk, Liquidity risk, Operational risk, Compliance risk and Reputational risk) including other important risks that can manifest themselves or span across key risk types, including climate risk and conduct risk.
- Overseeing the Company's management of environmental (including climate), social and governance risk.

Audit Committee

- Overseeing the integrity of BofA Europe's financial reporting, including sustainability-related disclosures
- Overseeing the adequacy and effectiveness of BofA Europe's whistleblowing frameworks, including protection against retaliation.

Nominations Committee

- Overseeing and making recommendations to the Board with regards to the policies and practices implemented to manage opportunity and inclusion, including sustainability-related reporting related to remuneration and human capital management practices.
- Overseeing the monitoring and effectiveness of culture and conduct risk management and controls.

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

Remuneration Committee

- Overseeing the remuneration policies and practices and human capital management practices for BofA Europe, including sustainability-related reporting relating to remuneration and human capital management practices.

In addition to the above responsibilities the Board have appointed Ms. Sally James as the Whistleblowing Champion for BofA Europe.

Sustainability Expertise

The Board should be of adequate size and composition and possess the appropriate skills with regard to the nature, scale and complexity of activities and organisation of the Company. The Nominations Committee, in consultation with the Chair, and the Company's shareholder (where required), identifies and evaluates individual candidates for their qualifications to become directors and recommends qualified candidates to the Board to fill vacancies as the need arises. In identifying and evaluating individual nominees for directors, the Nominations Committee and the Board will assess the overall knowledge, skills, experience and expertise represented on the Board, as well as the qualifications and suitability of each candidate, taking care that appointees have sufficient time available to devote to the position.

On an annual basis the individual and collective skills and experience of the Board is reviewed by the Nominations Committee using a Board Skills Matrix (the "Matrix"). A review of the ongoing appropriateness and effectiveness of the Matrix is conducted on an annual basis. The Matrix includes a category for "ESG, covering Climate Change" as an overall assessment, and an individual assessment of the "E", "S", and the "G", with the following guidance on components of expertise in the three areas.

- Environment – how the business performs as a steward of the natural environment including climate change; energy efficiency; resource depletion; waste management and biodiversity protection
- Social – the Company's relationships with employees, suppliers, clients and communities including human rights; workforce health and safety; opportunity and inclusion; customer/consumer protection; and community impact
- Governance – the Company's leadership, audits, internal controls and executive compensation including business ethics; management quality and accountability; board independence and diversity; and shareholder rights

The Directors' self-assessment of their skills and experience relating to Sustainability/ESG indicates a high level of understanding and ability to challenge.

Training and Development

On an annual basis, a proposed set of training topics is considered by the Board. This remains a live document and is revised to reflect new developments and topics that may arise during the year. Standard topics could be expected to include, directors' duties, sustainability matters, regulatory developments, risk management, information technology, cyber-security, and recovery and resolution planning. Training and briefings for the Board can be provided in a range of formats, including as topics for Board agendas, focused briefing sessions, background written materials, and individual meetings with management experts and, where appropriate, third parties.

The Board Oversight of Sustainability Matters Addressed in 2025

The Board and/or the Board Committees discussed a broad range of sustainability matters in 2025, including:

- Sustainable long-term business plan, including financing activity goals and Prudential Transition Plan
- Sustainability reporting, including the Directors' Report and Sustainability Statement
- Double materiality assessment
- Sustainability and climate-related and environmental risks and opportunities
- Corporate culture
- Opportunity and inclusion
- Equal pay

**SUSTAINABILITY STATEMENT
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- Remuneration policy
- Third party programme
- Legal and regulatory developments around sustainability

Internal Controls and Risk management over sustainability reporting

The Board is ultimately responsible for establishing and maintaining adequate internal control over sustainability reporting and the Audit Committee have been appointed by the Board to assist the Board in fulfilling its oversight responsibilities. The Company's internal controls for sustainability reporting are designed to provide assurance regarding the reliability of sustainability reporting for external purposes in accordance with the requirements of the CSRD.

The Company's internal control and risk management over sustainability reporting covers the entirety of this Sustainability Statement. The risk management and controls of the Company are aligned to the BAC risk framework. Risks associated with the external sustainability reporting process are evaluated utilising a risk based approach to establish reporting process controls that mitigate the risk identified to support the material accuracy, completeness and timeliness of the report. The process also includes detailed, documented Quality Assurance and Quality Control procedures overseen by experienced Line of Business ("LoB") senior leaders and up to Board-level governance. The process is supported by the three lines of defence and includes internal independent review of the sustainability report and testing, as appropriate.

The main risk types in the preparation of this statement relate to Operational, Compliance, and Reputational risk. The performance of controls, independent review, and governance were used to assess and prioritise risks. Findings of internal controls and risk assessments were analysed and communicated to relevant parties. Any required changes were made to the sustainability report and/or the production process and controls.

The Audit Committee shall review the Sustainability Statement and be informed of the findings of the limited assurance review provided by the Company's auditors on annual basis. The Audit Committee may require actions be taken in light of the information provided.

Strategy

BofA Europe Structure

BofA Europe is headquartered in Dublin, Ireland and has a branch network consisting of 11 branches, 9 in the EU: Amsterdam, Athens, Brussels, Frankfurt, Paris, Madrid, Milan, Stockholm, Luxembourg, 1 in Zurich and 1 in London.

BofA Europe Business Model and Products

Through BofA Europe's Global Banking business, BofA Europe provides a variety of lending, financing and leasing solutions, treasury solutions including deposit taking, payments and receivables, trade finance, corporate credit cards and merchant services, as well as advisory services, to corporate clients and financial institutions. Global Banking encompasses Global Corporate and Investment Banking ("GCIB"), which includes Corporate Banking (CBK) and Investment Banking (IBK), as well as Global Payment Solutions ("GPS").

BofA Europe's Global Markets business provides corporate and institutional clients with access to a broad range of Fixed Income, Currencies and Commodities ("FICC") products and financing solutions.

- Through its Global Credit group, the business commits capital to leveraged loans, distressed and restructured debt, collateralised loan obligations and non-performing loans.
- The Structured Funding Trading ("SFT") desk offers repo financing secured by high-quality fixed income securities on a full recourse basis, applying haircuts and daily margining to manage risk.
- The Mortgages business comprises two segments: Asset-Backed Securitisation Finance ("ABSF") and Commercial Real Estate ("CRE"). ABSF structures and extends lending facilities secured by receivable asset classes such as auto loans, credit cards and residential mortgages on a Held for Investment basis, and underwrites primary securitised debt transactions for European issuers of Residual Mortgage Backed Securities ("RMBS") and Asset Backed Securities ("ABS"). CRE provides secured loans backed by real

**SUSTAINABILITY STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

estate assets or portfolios across EMEA for acquisition and refinancing, with positions held on both Held for Sale and Held for Investment basis, and underwrites Commercial Mortgage Backed Securities ("CMBS") transactions.

- Global Markets also offers select fixed income and currency products, including FX and interest rate derivatives, commercial paper origination and trading, and since 2024, financially settled commodity derivatives. In line with Bank of America's enterprise wide objectives, Global Markets is increasingly focused on delivering sustainable finance solutions to clients across EMEA.

BofA Europe Clients

The BofA Europe client base is centred around robust client selection; the entity is diligent in choosing who to do business with. The client selection strategy is focussed on clients considered core to the franchise, where BofA Europe has a competitive advantage and it is able to build deep, lasting relationships that cover multiple products driving superior returns.

BofA Europe's client portfolio is comprised of the largest global corporate and institutional investors, large regional corporates and institutions, as well as sovereigns and supranationals.

BofA Europe's strategy continues to broaden its client base with continued focus on Responsible Growth and maintaining a strong credit portfolio.

BofA Europe's Sustainability Strategy

BofA Europe is committed to making financial lives better through the power of every connection and providing global clients with products and services in the EMEA region. BofA Europe operates according to core values of delivering together and acting responsibly.

BofA Europe's strategic approach to sustainability is aligned to BAC's approach to Responsible Growth, adjusting adoption of the BAC strategy to reflect the location of its offices, products and local laws, rules and regulations.

BofA Europe focuses on achieving Responsible Growth, through 4 pillars:

1. Grow in the market, no excuses
2. Grow with a client focus
3. Grow within our risk framework
4. Grow in a sustainable manner

BofA Europe's approach to managing climate, environmental, social and governance-related risks and opportunities is embedded in its strategy:

1. Minimise BofA Europe's impact on the environment; Voluntary Goal to be Net Zero before 2050
2. Support and enable clients in financing their sustainability efforts
3. Assess and manage climate, environmental, social and governance-related risks

Challenges to Delivering BofA Europe's Sustainability Strategy

There are inherent challenges in realising BofA Europe's strategy. Climate, environmental, social and governance related risks may increase over time. These risks are difficult to predict, identify, monitor and effectively mitigate, and could have an adverse impact on the Company.

Changes in market pressures, technology advancements and additional legislation, regulatory, compliance and legal requirements could alter the Company's strategic planning and the scope of its existing businesses, limit certain business activities and products and services offered, amplify credit and market risks, negatively impact asset values, insurance availability and cost, require capital expenditures and changes in technology and markets, increase expenses and adversely impact its capital requirements and results of operations. Climate, environmental,

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social and governance-related regulatory approaches and disclosure continue to evolve, with jurisdictional divergence, which may impact the Company's legal, compliance and public disclosure risks and costs.

The Company's climate, environmental, social and governance-related strategies, policies, and disclosures, which may evolve over time, and/or the environmental or climate impacts attributable to the Company's products, services or transactions may impact legal and compliance risk and could result in reputational harm as a result of negative public sentiment, regulatory scrutiny, litigation and reduced investor and stakeholder confidence. Divergent stakeholder perspectives increase the likelihood that any action or inaction the Company takes regarding climate, environmental, social and governance-related matters could be perceived negatively, which could adversely impact the Company's reputation and businesses.

Also, minimising the Company's impact on the environment is subject to risks and uncertainties, many of which are outside of the Company's control, such as the priorities of the Company's clients and suppliers, the development of technological advances, clearly defined roadmaps for industry sectors, public policies and better emissions data reporting, and ongoing engagement with clients, suppliers, investors, government officials and other stakeholders.

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Value Chain and Stakeholder Engagement

BofA Europe has a wide range of key stakeholders across its value chain which is informed by its business model. The Company's upstream value chain is primarily its suppliers, including external third-party suppliers and affiliates which provide services (including funding) to support the operations of BofA Europe. Internal stakeholders are the Company's own workforce and the Board.

The Company's downstream value chain primarily consists of its corporate and institutional clients, as well as the communities in the countries in which it operates. BofA Europe's strategy and business model are also influenced by external stakeholders such as National Governments, Ratings Agencies and Regulators.

Some examples of engagement with key stakeholder groups are outlined below:

Client Engagement: Clients principally include large multinational groups, financial institutions, governments and government entities. The Company has the ability to conduct business with international clients and to trade throughout the European Economic Area ("EEA") and other key markets within the EMEA region. The regular, day-to-day dealings with clients of the Company provides valuable insight into their strategy, priorities and areas of focus. The intelligence gathered helps the Company to understand their sustainability plans and provide the right solutions to help them advance their goals.

Supplier Engagement: BofA Europe's suppliers are mostly affiliates and professional services firms. Supplier views and approach towards sustainability are assessed as part of the supplier onboarding process as well as on an ongoing basis, as explained in detail in the Business Conduct Section on page [47](#), and includes ensuring alignment with the Supplier Expectations.

Own Workforce: Each year, an Employee Engagement Survey gathers the voice of teammates across BofA Europe which informs and develops the priorities for improving the employee experience going forward. The survey is distributed to all employees, and management can access the results to aid with decision making and to inform the BofA Europe People Strategy. Engagement with employees is also conducted through town hall meetings and networking events, including those held by employee networks. Additional details including the Company's headcount split by country are provided in the Social Section covering employee engagement page [39](#).

Double Materiality Assessment ("DMA") Process

The Company carried out a DMA which identified the following impacts, risks and opportunities:

- The impact of the Company on the external environment and society, i.e. "Impact Materiality"
- The risks and opportunities from sustainability matters on BofA Europe's financial performance, i.e. "Financial Materiality"

The impact materiality assessment considered sustainability impacts arising from the undertaking's own operations, as well as upstream and downstream within the value chain. For example, when considering biodiversity and ecosystem impacts, it considered the primary activities of value chain participants. The assessment went beyond just direct relationships when considering potential customer impact to value chain workers or affected communities.

Similarly, the financial materiality assessment went beyond internal sustainability matters, also considering information on external risks and opportunities. Information was considered material if omitting, misstating or obscuring that information could reasonably be expected to influence decisions made by primary users of this Sustainability Statement. Accordingly, the Sustainability Statement disclosures are prepared using the same scope and boundary as the Double Materiality Assessment.

The process involved Subject Matter Experts ("SMEs") and internal stakeholder proxies from the Company and Bank of America. SMEs included executives from the Global Environmental Group (GEG), Global Community Opportunity, Human Resources (HR), Global Markets (GM), Global Corporate & Investment Banking (GCIB), Global Third Party Programme (GTPP), Stress Testing, Global Risk, and Company Secretary.

Internal proxy stakeholders represented actors in the value chain to identify and assess impacts, risks and opportunities pertaining to sustainability matters. These internal stakeholder proxies included executives from the Company's or Bank of America's Chief Operating Officer (COO) team, Company Secretary, Investor Relations,

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Procurement, Regulatory Relations, Public Policy, Front Line Units, Human Resources and Community and Environment Group. This process also considered future financial impacts, risks and opportunities and identified the position(s) in the value chain they related to.

Double Materiality Assessment Approach

Step 1: Understand BofA Europe business context and value chain	Step 2: Identification of list of preliminary sustainability matters	Step 3: Assessing impact materiality	Step 4: Assessing financial materiality	Step 5: Validation and sign-offs of sustainability matters
Understand BofA Europe business context and business divisions to identify value chain & stakeholders	Agree to reuse preliminary list of sustainability matters from previous year and validate using external data sources	Identify actual and potential impacts across identified sustainability matters through executive judgement, SME insight sessions and stakeholder engagement	Identify the material dependencies of and the financial effect on the business across identified matters, from executive judgement, using SME insight sessions and stakeholder engagement	Validation and sign-offs on DMA outcomes
<ul style="list-style-type: none"> Update value chain documentation and stakeholder matrix (incl. direct and indirect relationships) for current year 	<ul style="list-style-type: none"> Agreed list of preliminary sustainability matters to bring forward of steps 3 & 4 	<ul style="list-style-type: none"> Documented and scored list of potentially material IROs 	<ul style="list-style-type: none"> Documented basis of preparation, including the underlying methodology Validated results of the DMA, including agreed list of material IROs 	

As a first step, the Step 1 documentation from the previous year's DMA process was enhanced by executives familiar with the nature of the business and operations of the Company using a number of internal and externally published documents in order to validate the Company's business operations, value chain and stakeholders, as well as provide a basis for an evaluation of the geographies, key activities, and industries within which the Company operates. The approach leveraged data sources including S&P's ESG Risk Atlas and the Human Freedom index from worldpopulationreview.com.

As a second step, the list of unique sustainability matters used in the previous year's DMA was agreed to form the initial basis of the assessment of relevant impacts, risks, and opportunities ("IROs"). The information reviewed in determining that list included information on business context, key stakeholders, risks, and sustainability matters outlined in the ESRS guidance. The completeness of the list was validated using sources such as ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure).

The third and fourth steps involved agreeing to use the list of IROs used in the previous year's DMA as a starting point. That list was compiled by identifying impacts (actual or potential and positive or negative), risks and opportunities across sustainability matters included in the documentation review, and mapping these to the value chain for the different time horizons.

Additionally, a DMA Validation Panel comprising senior leaders from first and second lines as well as SMEs in sustainability matters decided that new IROs, such as those relating to the Responsible Use of Artificial Intelligence, should be added. Considering the general stability of the business, a decision was also made to focus on material IROs, borderline material IROs, the most material IROs per ESRS standard, and IROs in key focus areas. SMEs and stakeholder representatives also refined the list by adding, amending, and deleting IROs from this list with consideration given to Nature as a silent stakeholder. In creating the final list, SMEs considered that impacts, risks or opportunities may be triggered by dependencies between the IROs.

The financial effects of risks or opportunities for sustainability matters were then identified and assessed by the SMEs taking into account that risks or opportunities may be triggered by a dependency between the matters under review, along the value chain, and considering the different time horizons.

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For both impact and financial materiality, a mix of qualitative and quantitative criteria were used. Quantitative information considering factors such as GHG emissions and losses observed in scenario analysis. The DMA also incorporated an assessment of the trigger for each risk or opportunity, i.e. validating whether the risk or opportunity was arising from an impact, dependency, or other factor.

The parameters included in the impact and financial materiality assessment scoring included scale, scope, potential to remediate (for negative impacts), likelihood and magnitude, as applied to the related sustainability matter. Each parameter was assessed on a six point scale ranging from 0 to 5. For example, impact irremediability ranged from a score of 0 (very easy to remediate) to 5 (irreversible). In line with requirements, Environmental and Social IROs were assessed without consideration of related mitigations such as policies, and Governance IROs were scored with consideration of them.

For example, the Company's strategic planning process informs BofA Europe's approach to capital, liquidity and financial planning processes, and takes into consideration climate-related risks and opportunities identified by each LoB or control function. Building on this foundation, the Company's Risk Framework addresses how BofA Europe manages and governs climate and environmental risk in support of Responsible Growth, aligned to our robust risk identification, risk appetite, and capital and liquidity stress testing frameworks. Ongoing risk assessments ensure responsiveness to internal and external changes. In conducting the DMA, the Company considered these principles as well as its existing policies, procedures, and controls. The assessment and scoring of IROs reflected the Company's business activities and geographical locations, supported by internal documentation and informed through consultation with internal and external experts. BofA Europe's offices are typically in city centres, and their distances to key biodiversity areas were measured. Since they are not located near nor affect key biodiversity areas, no biodiversity mitigation measures have been required.

A final score in the range of 0 to 5 was then determined for each IRO, which qualitatively ranged from minimal (0-1) to Critical (4-5).

SMEs also determined where in the value chain the IRO are expected to be concentrated, the expected timeframe when the IRO is expected to materialise, and whether the IRO should be disaggregated. The business context identified in Step 1 of the process was a reference point for assessing IROs.

As part of the fifth step, additional engagement sessions were then held to validate and sign-off on the results as well as to provide additional review and challenge. Internal stakeholder representatives were consulted to understand the views of affected stakeholders, and they had the opportunity to adjust the assessments as well as the composite scores for all IROs based on their reviews.

The DMA Validation Panel were also involved in the review. These leaders and experts were also able to represent external stakeholder views across the value chain. They were responsible for validating the completeness of the list of sustainability matters under review, defining the materiality threshold, and assessing the materiality and completeness of IROs across the Company's value chain.

They also provided input and guidance into the IRO assessments including the scoring parameters as well as the rationale used for the basis of the materiality assessment. They defined a materiality threshold, could adjust parameters and composite scores, and confirmed whether IROs under review were material, including by analysing IROs near the materiality threshold. The business context identified in Step 1 of the process was a reference point for assessing IROs, such as for disaggregation was needed.

Any changes made by stakeholder representatives and senior leaders were agreed with SMEs and/or stakeholder representatives as appropriate.

The primary output of the process was a documented list of material IROs, which was used to determine the relevant ESRS disclosure requirements and related information based on relevance to the material IROs. The Board and Audit Committee were informed about the DMA process and agreed to the DMA outcomes and the Sustainability Statement. The final outputs were also an input into the Company's risk identification process and so integrated into the Company's overall risk framework.

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Material Impacts, Risks and Opportunities

The table below shows the material IROs identified from the DMA process, as well as where in the value chain the IRO is expected to be concentrated and the expected timeframe when the IRO is expected to materialise.

ESRS topic	Material IRO	Type	Value Chain	Time Frame*		
				ST	MT	LT
E1 (Climate Change)	Climate change mitigation The Company generates GHG financed emissions from its lending to borrowers in a wide range of industries, and these emissions have a negative impact on the environment.	Negative Impact	Downstream	*	*	*
S1 (Own Workforce)	Great Place to Work (including Benefits and Wellbeing, Social Dialogue, and Adequate Wages) BofA Europe's commitment is to remain a Great Place to Work through social dialogue (employee engagement and management communications), ensuring all employees are paid an adequate wage, with competitive benefits. Collectively, these have a positive impact on the Company's own workforce.	Positive Impact	Own Operations	*	*	*
	Training and Career Development (including Career Opportunities, Training and Skills, and Opportunity and Inclusion) BofA Europe invests in the skills and careers of its workforce, such as through training and a culture of opportunity, and these measures have a positive impact on the Company's own workforce.	Positive Impact	Own Operations	*	*	*
G1 (Business Conduct)	Business conduct The Code of Conduct fosters a culture of trust and accountability which have a positive impact on stakeholders through its own operations.	Positive Impact	Own Operations	*	*	*
	Corporate culture The Company's creates a culture of managing risks effectively to arrive at positive outcomes and resolutions for its stakeholders.	Positive Impact	Own Operations	*	*	*
	Management of relationships with suppliers The Company promotes clear payment practices with third party suppliers, resulting in a positive impact on suppliers.	Positive Impact	Upstream	*	*	*

*ST, MT, and LT relate to the short-term, medium-term, and long-term time horizons defined in the Basis of Preparation of the Sustainability Statement above.

Compared to the previous reporting year, there has been no significant change to material impacts, risks, and opportunities aside from the removal of the positive impact for anti-bribery and anti-corruption following a review of CSRD guidance published in the year.

Climate Change Mitigation:

There are challenges with transitioning to a low-carbon economy, but there are also opportunities, particularly for innovation, jobs and growth. The Company has relationships with clients across industries and countries, and combined with the experience of navigating its own climate journey, is well positioned to leverage experienced sustainability resources across BofA Europe LoBs who provide advice, products, and services customised to the needs of clients. Through the spectrum of capabilities delivered by its LoBs, BofA Europe focuses on working with companies, small to large, to help drive the world economy forward and provide insights and ideas.

During the DMA process, climate-related impacts, risks and opportunities from across BofA Europe's business were identified and assessed, such as through consideration of scenario analysis. This covered all three related sustainability matters under the climate change topic - Climate Change Mitigation, Climate Change Adaptation, and Energy. Entity-specific matters were also considered as part of the assessment.

BofA Europe's existing risk identification process was used as an input to the DMA. Risk identification is an ongoing process that incorporates input from stakeholders across LoBs and CFs with relevant expertise. It is designed to be forward-looking and to capture relevant risk factors to which the Company is or may be exposed. In recent years, BofA Europe expanded its risk identification capabilities to embed additional climate and environmental risk considerations such as sector, product and geography and to connect new and existing risks to climate and environmental risk categories, aligning specific perils and/or transition categorisation across various time horizons and transition risk and considers forward looking measures such as scenario analysis. Refer to Assessing climate-related risk through scenario analysis sections for more details.

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Actual and potential impacts as a result of GHG emissions sources were identified in the upstream and downstream value chain, as well as within own operations, through considering BofA Europe's activities and exposures. In line with the overall process, SMEs were engaged to assess the materiality of relevant actual and potential impacts on a qualitative basis. This consideration included changes in activities, such as energy efficiency projects. These results were further validated with stakeholder representatives. For example, upstream emissions sources were evaluated in relation to data centres and the use of renewable energy. Impacts related to utilisation of energy through BofA Europe's operations were also identified and assessed, considering energy efficiency measures and the use of renewable energy. Downstream, BofA Europe's financing activities were considered through looking at exposures to businesses operating in high-emitting sectors, which in turn impact the environment and climate change mitigation efforts.

IROs in relation to Climate Change were assessed by the Global Environmental Group ("GEG"), Corporate Sustainability Controller (CSC), BofA Europe and regional CFO and representatives from Global Markets and Global Banking lines of business (in relation to downstream impacts, risks and opportunities) working on behalf of the Company.

As a result of the above analysis, a material negative impact on the environment in relation to Climate Change Mitigation has been identified in BofA Europe's downstream value chain for Scope 3 financed emissions.

The output of the Company's strategic planning process is documented in a strategic plan which is refreshed on an annual basis. Through ongoing risk assessments, BofA Europe continuously evaluates changes to the internal and external environment, including impacts due to sustainability risks as well as other risks

Own Workforce:

IROs relating to social sustainability matters were assessed by senior leaders across the Company's Own Workforce, GEG and Corporate Social Responsibility ("CSR") for S2 workers in the value chain, S3 Affected communities and S4 Consumers and End Users.

A number of material positive impacts on BofA Europe's employees have been identified, with BofA Europe's own workforce being a fundamental part of the bank's business model and strategy. These impacts cover two key areas:

- The Company being a "Great Place to Work" i.e. this relates to the working conditions of BofA Europe's own workforce, covering items such as Benefits and Wellbeing, Social Dialogue, and Adequate Wages.
- Training and Career Development.

BofA Europe is committed to establishing itself as a "Great Place to Work", through:

- Providing access to childcare support, employer sponsored pensions, and healthcare benefits (including health insurance plans) that promote employee's physical, emotional, and financial wellbeing.
- Facilitating social dialogue through employee engagement and management communication, which foster a collaborative and transparent workplace.
- Ensuring that all employees are paid an adequate wage.

The Company recognises that its investment in the growth and development of its employees through training and career development can have a positive impact on employees throughout their career. There is alignment between the material sustainability matters that were identified through the DMA and BofA Europe's People Strategy which aims to extend the positive impacts of the Company on its own workforce. BofA Europe also recognises that having a strong culture of opportunity and talent who represent a range of experiences, skills, background and perspectives can help ensure an environment where employees are engaged, satisfied and can thrive.

More details of all of these key areas are included in the S1 Own workforce section of the sustainability statement.

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Business Conduct:

Impacts, Risks and Opportunities relating to these specific sustainability matters were initially assessed by senior leaders across Global Compliance and Operational Risk ("GCOR"), International Public Policy, and Procurement (for supplier relationships) before being considered by BofA Europe senior leaders including representatives from the first and second line.

Relevant criteria for BofA Europe were considered including primary activities in the jurisdictions in which the Company has a branch to determine which of these impacts, risks and opportunities in relation to business conduct were material to the organisation. A number of impacts in relation to Business Conduct (including Corporate Culture and Management of relationships with Suppliers), were deemed to be material for BofA Europe given their pertinence within the Financial Services industry and relevance across operations.

- In its upstream value chain, BofA Europe promotes clear payment practices between the Company and third party and inter-affiliate suppliers on an ongoing basis.
- Within its own operations, BofA Europe impacts its own workforce through establishing a code of conduct that outlines mechanisms which foster a culture of trust and accountability.

Business Conduct is considered within the Company's strategic planning process and is considered through established governance routines (including regular reporting to the relevant Board committees). It informs decisions on risk appetite, supplier selection and oversight, and the Company's business practices.

Annual DMA Review

Going forward, the Company will determine at each reporting date its material IROs, as well as material information to be included in the Sustainability Statement. In planning and executing materiality assessments in coming years, these process specifics will undergo regular reviews and may be enhanced in accordance with evolving regulatory requirements and guidance as well as data availability. The Audit Committee are engaged on an annual basis to review the drafts of the proposed Sustainability Statement disclosures each year ahead of final formal approval.

ENVIRONMENT (E1 Climate Change)

Climate and Environmental Risk Management

Climate and environmental risks are divided into two major categories, both of which span the Company's seven key risk types:

- *Physical Risk:* Risks related to the physical impacts of climate change and from dependencies on physical environmental factors
- *Transition Risk:* Risks related to the transition to a more sustainable economy (i.e., low-carbon economy and more sustainable environmental practices)

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase the Company's risks, including credit risk by diminishing borrowers' repayment capacity or collateral values and operational risk by negatively impacting the Company's facilities, employees, or third parties. Climate-related transition risks may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Company or the counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk.

The Company has adopted the BAC Risk Framework which sets forth the roles and responsibilities for the management of risk by lines of business, Global Risk Management, other control functions and Corporate Audit. Building off the Risk Framework, the Company has developed a legal entity specific Climate and Environmental Risk Framework ("C&ERF") to articulate how the Company identifies, measures, monitors and controls climate and environmental risk. The framework also details the roles and responsibilities for climate risk management across the three lines of defence.

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Assessing climate-related risk through scenario analysis

Scenario analysis is an important tool used to help understand how risks and opportunities may manifest across a range of possible outcomes. The Company's scenario analysis considers climate transition and physical risks over different time horizons, covering short, medium and long-term, and across a range of scenarios and severities to assess how these risks might materialise. Governance routines are in place to ensure that scenarios explored cover appropriate risks, which are captured in the risk identification process, are plausible and fit for purpose. The Company conducts internal climate scenario analysis and has also participated in external regulatory exercises such as the 2022 European Central Bank Climate Risk Stress Test and the 2024 one-off Fit-for-55 Climate Scenario Analysis exercise mandated by the European Commission.

Short-term scenario analysis, covering up to three years, aligns with the Company's business planning horizon and includes an assessment of climate related and environmental risks within the annual capital planning process. This includes analysis under an internally developed severely adverse stress scenario, as well as recovery planning and reverse stress testing scenarios, and considers the potential impacts of extreme weather events and of transition risks related to moving to a low carbon economy and supporting clients as they navigate through their climate transition and sustainability journeys.

Medium-term (4-9 years) and long-term analysis (at least 10 years) aligns with the time horizon for the Company's longer-term goals outside of the typical business planning horizon. This analysis is based on a range of internally developed scenarios leveraging the climate scenarios published by the Network for Greening the Financial System ("NGFS") as the main backdrop for transition risk and chronic physical risk scenarios, which were customised to incorporate additional idiosyncratic risk. NGFS scenarios provide a common starting point for analysing the impact of climate risks on the economy and financial system. They explore a range of plausible outcomes to reflect the uncertainty inherent to the modelling of climate-related macroeconomic and financial risks. In the NGFS scenarios, the main policy lever driving the transition is a shadow carbon price that represents the marginal cost of abatement of carbon emissions and is a proxy for overall climate policy ambition and effectiveness.

In assessing transition risks, the Company has considered impacts under an orderly Net Zero 2050 scenario consistent with the Paris Agreement, which limits global warming to 1.5°C¹. This scenario assumes that stringent climate policies are introduced immediately, and carbon prices increase over time. Additionally, the Company considered impacts under a disorderly Delayed Transition scenario, under which climate policies are not introduced until 2030, after which strong policies are needed to limit global warming to below 2°C, reflecting higher transition risk. The Nationally Determined Contributions scenario was also explored, a scenario which assumes moderate climate ambition reflected in current pledge policies and low transition risk, leading to 2.4°C in global warming. Key inputs to the scenarios include macroeconomic variables such as gross domestic product (GDP), unemployment, inflation rates and oil prices which are informed by the NGFS scenarios. One of the main constraints of NGFS scenarios is that they lack granularity and narrative required for effective modelling design and do not consider all the drivers of climate risk that may impact the economy (e.g. tipping points, mass migration, etc.), potentially underestimating risks. To address this, the Company has customised NGFS scenarios to incorporate more granularity at the regional and industry levels and to also incorporate idiosyncratic risks.

Analysis has shown differentiation across sectors, with higher risk industries generally seeing greater loss rates than moderate or low risk industries. However, counterparty level attributes including starting point financial strength and emissions profile are also driving factors. The majority of the Company's portfolio is concentrated in low and moderate risk sectors and the results in aggregate have not highlighted any vulnerabilities to the Company's business model.

The Intergovernmental Panel on Climate Change ("IPCC") developed climate scenarios are leveraged to assess acute physical risk. These scenarios project different emission pathways under plausible economic and social assumptions that lead to different levels of global warming.

In assessing physical risk, the Company has considered impacts of acute physical risk including extreme weather events based on a SSP5-8.5 pathway as well as chronic physical risk under a Current Policies, Hot House World scenario, which assumes that no new climate policies are introduced and emissions continue to rise leading to about 3°C global warming. Key inputs to the scenarios include hazard type, severity, and geographical coverage.

¹ As stated in the Paris Agreement "Holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels."

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The design of these scenarios factor in geospatial coordinates of the Company's locations and exposures to ensure the scenario is relevant for the Company.

This assessment has shown that in extreme severe but plausible scenarios, the Company could be exposed to potential losses due to physical risk, which can be minimised through risk management practices. Physical climate risk scenario analysis is exploratory and contains a high degree of uncertainty around the timing and magnitude of events as well as compounding and second round impacts. This is considered through the Company's annual capital planning process and the Company continues to monitor such risk(s) through established risk identification and risk assessment routines.

The Company will continue to develop and evolve climate scenario analysis capabilities and risk management processes by working to resolve data gaps, expand models, and explore more scenarios in order to better assess, measure and manage the potential impact of climate change risks and opportunities on the business.

As with all forward-looking assessments, climate scenario analysis involves the use of assumptions and estimations. These are subject to inherent uncertainty and will continue to evolve and develop over time, in line with industry practices and regulatory standards.

Resilience Planning

The Company considers climate resilience as the ability to anticipate, prepare for, and respond to physical and transition risk related climate events, trends, or disturbances. The analysis carried out encompasses financial and operational resilience. The Company considers these risks through scenario analysis and business continuity and resiliency planning.

As discussed in the section above, assessing climate-related risk through scenario analysis, from a financial resilience perspective, the Company conducts strategic, capital planning and stress testing processes annually covering a three-year period and considers material climate-related and environmental risk factors. The Company also conducts climate scenario analysis focussing on own operations and the downstream value chain, to assess those risks and opportunities that may arise under different scenarios outside of the typical business planning horizon. Vulnerabilities and shortcomings identified are then considered for mitigation.

From an operational resilience perspective, the Company considers climate change impacts in business continuity through the Business Continuity and Operational Resiliency ("BCOR") Programme.

The Company recognises the importance of protecting employees, customers, and clients through an industry-leading management of business continuity and operational resilience. Those practices enable critical business functions, services, technology, data, infrastructure, and third parties to define, rate criticality, test, maintain, mitigate, restore, and recover in the likelihood of a business disruption event, including severe operational stress events. Execution of the BCOR Programme enables the Company to establish and demonstrate preparedness to respond to and recover from events.

The analysis, which is subject to inherent uncertainty and will continue to evolve and develop over time, in line with industry practices and regulatory standards, to date has shown that the Company has capacity to adjust to developments related to climate change.

Targets Related to Climate Change Mitigation (E1-4)

BofA Europe is part of a global organisation made up of eight lines of business, spanning multiple geographies, and comprising many legal entities under the supervision of a wide range of regulators and legislative requirements. Strategy and operation procedures are set at the BAC level and implemented through each of the lines of business.

BAC's ambition is to achieve net zero emissions before 2050 across its operations, supply chain and financing activity and it has established voluntary goals to reduce the emissions intensity of its loan portfolios in key high-emitting sectors by 2030. BofA Europe has not set legal entity emissions targets as these BAC voluntary goals are managed on a Global basis reflecting how and where BAC's clients choose to do business.

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Transition Plan for climate change mitigation (E1-1)

The Company has not adopted a transition plan for climate change mitigation and does not have a plan to adopt one at this time. However, it will keep this decision under review.

Policies related to climate change mitigation (E1-2)

There is no specific policy related to climate change mitigation, as BofA Europe is taking climate change actions as detailed below.

Climate Change Actions (E1-3)

To support and enable clients in financing their sustainability efforts, BofA Europe delivers financing, expertise and strategic advisory services on major technological and thematic macroeconomic shifts affecting its clients. The Company has experienced sustainability resources across its LoBs, providing advice, products and services customised for the needs of its clients.

The starting point for delivering customised and innovative products is to understand the Company's clients' varied needs. Clients face a range of factors that influence and affect their sustainability strategies, goals and progress. The Company helps, supports and enables clients in their sustainability efforts via:

- **Customised and holistic support:** Engaging clients to understand where they are in their transition and the role they play in their respective value chain to support capital and funding needs against strategic priorities.
- **Recognition of the value of investments:** Helping clients understand how climate-related investments may impact investor and stakeholder perspectives.
- **Anticipation of market reactions:** Providing insights into how markets may react to various elements of client transition plans and how it could impact their cost of capital.
- **Market insights and guidance:** Helping clients understand how companies, industries and geographies are leveraging financing opportunities and preparing for potential impacts.

BofA Europe engages every client on an individual basis and makes decisions based on client-specific, transaction specific and jurisdiction-specific factors guided by applicable company policies and standards.

Client Engagement

The approach of BofA Europe is based on understanding clients' key needs. Listening to clients and understanding their key needs in order to best support them by enabling bankers to deliver customised and holistic solutions through training opportunities and deployment of dedicated resources.

Client Enablement and Product Development

BofA Europe enables clients through robust suite of solutions and continues to adapt and refine the product offerings to ensure they are evolving alongside client needs. The sustainability solutions provided to clients are built around core products.

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Energy Consumption and Mix (E1-5)

Energy consumption and mix

Energy consumption and mix	2025	2024*
Total fossil energy consumption (MWh)	3,793	4,735
Share of fossil sources in total energy consumption (%)	25.1 %	29.9 %
Consumption from nuclear sources (MWh)	431	406
Share of consumption from nuclear sources in total energy consumption (%)	2.8 %	2.5 %
Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	—	—
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)*	10,911	10,714
Consumption of self-generated non-fuel renewable energy (MWh)	—	—
Total renewable energy consumption (MWh)	10,911	10,714
Share of renewable sources in total energy consumption (%)	72.1 %	67.6 %
Total energy consumption (MWh)	15,135	15,855

* The Company has changed reporting of energy consumption and mix from a location-based to a market-based approach, which is the observed emerging standard practice.

Due to the nature of the Company's operations, affiliate entities may utilise the same office space and therefore, all entities are responsible for environmental impacts. For reporting purposes, the Company has estimated the entity-specific energy consumption and GHG emissions based on the proportion of the entity's employee headcount within each office space. The Company has determined that the energy consumption related to Scope 1 emissions is fully attributable to fossil fuels. For energy consumption related to Scope 2 emissions, all electricity is classified as renewable, reflecting BAC's renewable energy contracts supported by a combination of green utility tariffs and unbundled Energy Attribute Certificates ("EACs"). The purchase of heating and chilled water is allocated based on vendor data.

Energy data is derived from utility invoices, generator operating hours, data centre IT loads and power usage effectiveness metrics. Where actual data is not available, estimates are made based on actual data collected in the previous year or energy use intensity of similar building types. The Company has not purchased any carbon credits.

Gross Scopes 1, 2, 3 and Total GHG emissions (E1-6)

The table below shows the Company's total GHG emissions.

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	2025	2024	% increase/ (decrease) in 2025
Scope 1 GHG Emissions			
Gross Scope 1 GHG emissions (tCO ₂ eq)	699	814	(14)
Scope 2 GHG Emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	2,387	2,730	(13)
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	75	111	(32)
Scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	17,250,847	19,608,932	(12)
Scope 3.15 Investments (Financed Emissions)	17,250,847	19,608,932	(12)
Total GHG emissions			
Total GHG emissions location based (tCO ₂ eq)	17,253,933	19,612,476	(12)
Total GHG emissions market based (tCO ₂ eq)	17,251,621	19,609,857	(12)

The Company has not set milestones or targets for these emissions. Scopes 3.1 to 3.14 are not reported due to immateriality.

Scope 1 and 2 GHG emissions

The GHG emissions in the table have been produced considering the World Resources Institute's "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard".

Scope 1 GHG emissions relate to sources that are owned or controlled by BAC which result in direct emissions from these activities. Scope 2 GHG emissions relate to purchased utilities; these emissions physically occur at the facility where the energy is generated.

A location-based method reflects the average emissions intensity of the electricity grid. A market-based method reflects emissions from electricity that the Company has purposefully chosen and takes into account the impact of green contracts or other renewable energy products. Renewable electricity is purchased in Ireland, Spain, France, Switzerland, Italy, Germany, and the UK through green contracts with utility suppliers. These contracts are covered by relevant schemes - the EU Guarantees of Origin ("GOs") in the EU and Renewable Energy Guarantees of Origin ("REGOs") in the UK, administered by relevant local authorities. These programmes provide transparency to consumers about the proportion of electricity that suppliers source from renewable generation. GOs and REGOs certify that each MWh of electricity was generated from an eligible generation source. For facilities not covered by these green contracts, BAC annually purchases unbundled GOs and REGOs. These are reflected in Scope 2 market-based emissions in the table above. The Company is able to report minimal emissions under Scope 2 in line with the GHG Protocol Corporate Standards' market-based approach due to executed contracts unbundled REGOs and GOs that confirm 100% renewable electricity. Some market-based Scope 2 emissions are still present due to the purchase of steam and chilled water.

The International Energy Agency Year 2022 data (2024 Edition) emission factors have been used to calculate location-based emissions from electricity for all countries but the UK, where the annual Defra (Department for Environment Food and Rural Affairs) Government Emission Conversion Factors for Company Reporting produced by the Department for Energy Security and Net Zero (previously the Department of Business, Energy and Industrial Strategy) was used. The United States Environmental Protection Agency emission factors have been used for other sources. Global warming potentials from the Intergovernmental Panel on Climate Change 6th Assessment Report were used to convert refrigerants, CH₄ and N₂O to CO₂e.

The Company's Scope 1 and Scope 2 GHG emissions are relatively small compared to Scope 3 financed emissions but are disclosed as contextual information when considering its total environmental footprint.

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Scope 3 GHG financed emissions

Financed emissions quantify the share of absolute GHG emissions generated by the Company's clients due to its financing relationship with them. Scope 3 GHG financed emissions have been calculated with consideration of the relevant PCAF methodology.

The Financed Emissions PCAF methodology is used to quantify the share of absolute GHG emissions generated by each client for which emissions are attributed based on the financing relationship. To calculate these emissions, client, level borrowings are divided by the enterprise value including cash ("EVIC") or the client's debt plus equity, if EVIC is unavailable. This ratio provides the attribution factor to apply to the client's relevant Scopes 1, 2 and 3 emissions to calculate absolute financed emissions. Client reported emissions data is used, where identifiable, or estimated using industry emissions intensity factors. For this calculation, there is up to a two-year lag for reported emissions, financials and EVIC, with borrowing as at 31 December 2025. The financed emissions methodology - which includes model and data assumptions and limitations - is subject to multiple levels of review, including model risk review and on-going monitoring.

The financed emissions data reflects the Company's entire commercial loan portfolio (excluding commercial real estate on the basis of materiality) and clients' relevant Scopes 1, 2, and 3 GHG emissions. Relevant GHG emissions are determined at the sector level. It also does not include investment securities due to materiality.

Data challenges and estimation uncertainty

The calculation of financed emissions is an evolving landscape, requiring the use of assumptions and data with varying levels of quality. This is an industry-wide challenge, although meaningful improvements to data capture, data sourcing and estimation methodologies are expected over time. These limitations mean that there is inevitably some uncertainty in estimation.

Scope 3.15 Financed Emissions Data Quality

The Company's absolute financed emissions calculations and corresponding data quality scores are based on utilised commercial credit exposure. PCAF provides a scoring mechanism for emissions calculations to evaluate data quality. Under this system the use of verified client-reported emissions achieves a data quality score of 1, unverified emissions or those calculated using the client's energy consumption and emission factors achieve a score of 2 and estimated emissions range from a score of 3 to 5 based on the information used for the estimation².

The exposure weighted-average data quality score of the Company's financed emissions is 4.0 for Scope 1 (11% of Scope 3.15 emissions, 2024: 4.0, 9%), 4.0 for Scope 2 (3%, 2024: 4.0, 2%), and 4.5 for Scope 3 (86%, 2024: 4.1, 89%). Additionally, 37% of the financed emissions are of data quality score 1 or 2 (2024: 40%).

GHG Intensity Per Net Revenue

The table below shows the GHG emissions intensity as total GHG emissions in metric tonnes of CO₂eq per net revenue, where net revenue reconciles to the financial statement.

The intensity by net revenue of total GHG emissions are shown in the table below, where the net revenue used of \$3,317 million (2024: \$3,261 million) as reported on the Statement of Comprehensive Income.

GHG intensity per net revenue

	2025	2024	% increase in 2025
Total GHG emissions (location-based) per net revenue (tCO ₂ eq/Millions USD)	5,202	6,014	(14)
Total GHG emissions (market-based) per net revenue (tCO ₂ eq/Millions USD)	5,201	6,013	(14)

² A score of 3 relates to estimation based on physical unit activity, a score of 4 is based on revenue, and a score of 5 is based on total asset/turnover ratio.

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EU Taxonomy

The European Union has set a target of achieving climate neutrality by 2050, as outlined in the European Green Deal. To support this transition, the EU introduced Taxonomy Regulation (Regulation (EU) 2020/852), which established a classification system for environmentally sustainable economic activities. This regulation is supported by several Delegated Acts, (hereinafter together referred to as “EU Taxonomy”) including:

- Climate Delegated Act ((EU) 2021/2139)
- Disclosure Delegated Act ((EU) 2021/2178)
- Nuclear and Gas Delegated Act ((EU) 2022/1214)
- Climate Delegated Act ((EU) 2023/2485)
- Environmental Delegated Act ((EU) 2023/2486)
- Simplification Delegated Act ((EU) 2026/73)

The Company is required to disclose to what extent its activities align with the criteria for environmentally sustainable economic activities.

Under the Simplification Delegated Act, the Company is permitted to defer the disclosure of detailed Taxonomy-aligned performance indicators for the financial years 2025 and 2026. The Company has elected to avail of this exemption for the reporting year ending 31 December 2025.

No activities are claimed as being associated with economic activities that qualify as environmentally sustainable under Articles 3 and 9 of Regulation (EU) 2020/852 (Taxonomy Regulation).

SOCIAL (S1 Own workforce)

BofA Europe's success is driven by the people serving its clients each day. BofA Europe is committed to creating an environment where employees not only want to work, but where they can grow both personally and professionally. BofA Europe aims to attract world-class talent, support their development, and ensure they feel empowered to succeed, whilst helping the Company to deliver on its mission of Responsible Growth.

BofA Europe's culture is grounded in the Company's values, acting with integrity, treating people with respect, and providing an abundance of opportunity for employees. These values guide how the Company works for each other and for BofA Europe's clients every day, as part of a high-performing organisation.

Material Social Matters

BofA Europe has identified two material sustainability matters that pertain to the management of the workforce:

- Ensuring that the Company is a Great Place to Work.
- Training and Career Development.

Since BofA Europe employees all work in similar office-based roles, these identified impacts apply equally to all employees across the workforce.

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Great Place to Work

Benefits and Wellbeing

At BofA Europe, Responsible Growth requires the Company to grow in a sustainable manner, and this goes hand-in-hand with being a Great Place to Work. BofA Europe takes a holistic approach to employee wellbeing – supporting physical, emotional, and financial health through a wide range of competitive and flexible benefits. These include comprehensive health insurance plans, employer sponsored pensions, childcare support, and more. BofA Europe's offerings are tailored to reflect the needs of its people across the different countries where the Company operates, supporting them and their families' ability to be healthy and thrive.

BofA Europe also understands that life isn't one size fits all. That is why BofA Europe offers market leading programmes designed to support teammates through key life events. This includes access to confidential counselling via the Company's Employee Assistance Programme, enhanced family leave, mental health resources, and learning pathways like "Thrive Training" and the Company's "Wellness Learning Pathways". BofA Europe recognises that there are times when teammates need additional support and the dedicated EMEA Life Event Services team is committed to supporting employees through periods of change such as complex leaves of absence, retirement, illness and other critical life events.

Whilst these benefits are primarily focused on employees, BofA Europe ensures that its' workplace culture is respectful towards the whole workforce including both employees and contractors. BofA Europe backs this up with clear policies, training, and feedback mechanisms – including the Company's Code of Conduct, Whistleblowing Policy, Employee Engagement Surveys, and active Employee Network Groups.

Social Dialogue

BofA Europe has built strong foundations to create a workplace that aims to eliminate all forms of discrimination and harassment. In doing so BofA Europe has created clear roles and responsibilities, robust controls, and transparent reporting and governance frameworks.

Each year, BofA Europe employees are invited to participate in BAC's Employee Engagement Survey, which helps shape the Company's strategy and improve the day-to-day experience of working at the Company. Many of BofA Europe's current benefits and initiatives have grown directly from employee feedback received through this survey and other channels. In keeping BofA Europe a Great Place to Work, the Company digs deeper than just collecting data from its employees. BofA Europe hosts listening sessions with teams to better understand the reasons behind any challenges or declining trends. These conversations help the Company develop targeted actions plans that are owned by senior executives responsible for each area – whether that is a specific business line, region, control function, or support function.

The BofA Europe leadership team is accountable for fostering an engaging culture, and continues to strengthen this commitment through initiatives such as the Women in Finance Charters in both Ireland and the UK.

BofA Europe maintains a strong culture of engagement through a range of formal and informal employee feedback mechanisms. These include the annual Employee Engagement Survey, townhall meetings, performance management conversations, and regular social dialogue. The Employee Engagement Survey captures anonymous quantitative and qualitative feedback across areas such as communication, working conditions, health and well-being, career development, effectiveness of escalation routes, and overall engagement. The BofA Europe Board reviews insights from the annual Employee Engagement Survey at least annually. Senior leaders are responsible for developing and implementing action plans based on employee feedback, with a focus on continuous improvement.

The culture of engagement allows BofA Europe to address positive and negative feedback on a range of topics and enables the Company to make informed decisions on whether current practices and policies are having the desired effect, or whether changes need to be implemented. To assess the effectiveness of employee communication and engagement, the Company analyses several factors, including BofA Europe employee engagement scores, feedback from employee groups and works councils and any themes or trends in issues flagged via escalation channels. Managers play a central role in supporting this process, with dedicated development programmes to help them build the skills needed to foster a culture of open dialogue and positive change.

BofA Europe recognises the importance of structured representation through works councils and other employee representative bodies. Works councils have been established in two branches (France and Spain) in accordance

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with local laws. In countries where collective bargaining agreements (CBAs) apply, such as France (172 employees, 2024: 169), Spain (110 employees, 2024: 97), Italy (90 employees, 2024: 86) and Belgium (11 employees, 2024: 10), all employees are covered. The only country where this is not the case is Luxembourg (3 employees), where 33% (2024: Nil) of employees are covered. As of the current reporting year, 17% (2024: 18%) of BofA Europe employees are covered by CBAs, and 12% (2024: 13%) are represented by workers' representatives through Works Councils.

In addition, eleven Employee Networks operate across the region, enabling colleagues to share perspectives, support one another, and contribute to building a more inclusive and collaborative environment on an ongoing basis. These networks also help the business identify the needs of colleagues across different backgrounds.

Adequate Wages

BofA Europe aligns to BAC's remuneration policies and processes which are designed to support strategic objectives, long-term value creation, Responsible Growth, and a culture of compliance. The BofA Europe Remuneration Policy Statement governs local remuneration practices and processes and is at least annually reviewed by the BofA Europe Remuneration Committee and approved by the Board, in line with the EBA Guidelines on Sound Remuneration Policies (the 'EBA Guidelines').

Incentive plans, including those applicable to BofA Europe executive board members, are aligned to BAC's pay-for-performance philosophy. Compensation outcomes are based on a structured, principled framework incorporating enterprise, line of business, and individual performance, and include risk adjustments. No specific weighting is assigned to individual metrics (including climate metrics). Responsible Growth, including conduct, is also considered in the remuneration process. All employees, including executive board members, receive a "What" and "How" performance rating. This dual rating system ensures that incentives do not encourage excessive risk-taking and reinforces behaviours aligned with the four tenets of Responsible Growth, including the goal to grow in a sustainable manner. Incentive pools also reflect pre-determined risk indicators from BAC's Risk Framework and Appetite. BofA Europe adheres to BAC's Climate Risk Framework, which is aligned to the Risk Framework, and provides clarity and transparency around how the Bank approaches climate-related and environmental risks as well as social considerations.

At the BofA Europe level, the CEO is responsible for managing financial risks from climate change. Incentives for BofA Europe executive board members include a combination of cash and both upfront and deferred equity awards, ensuring alignment with long-term performance and the Bank's strategic objectives. The compensation philosophy for BofA Europe Non-Executive Directors (NEDs), and Independent Non-Executive Directors (INEDs) is designed to appropriately reflect the expertise, time, and oversight responsibilities associated with their roles in a complex, regulated European banking environment. In accordance with the EBA Guidelines, NEDs and INEDs are only compensated via fixed fees for board membership and committee leadership. They are not eligible for variable (cash or equity) incentive awards relating to their role as Directors.

Ongoing training is provided to the Board throughout the year, including briefings on emerging business and sustainability issues.

The pay-for-performance compensation approach for all Enterprise employees, including those of BofA Europe, strives to recognise and reward performance. Regular minimum and living wage reviews and gender pay gap disclosures are conducted, where required in the locations where BofA Europe operates.

For the 2025 reporting year, in alignment with ESRS requirements³:

- BofA Europe employees are paid an adequate wage in accordance with local benchmarks
- The median hourly gender pay gap⁴ is 22.2% (2024: 22.3%)

³ The S1-16 metrics (gender pay gap and remuneration ratio) have been calculated on the basis of paid remuneration in the year and aggregated for relevant employees of BofA Europe including its branches as at 31 December 2025

⁴ The median gender pay gap is calculated by subtracting the median hourly total remuneration of female employees of BofA Europe from that of male employees, which is then divided by the median hourly total remuneration of male employees and multiplied by 100.

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- The mean hourly gender pay gap⁵ is 43.2% (2024: 40.5%)
- The total remuneration ratio⁶ between the highest-paid individual and the median employee is 46:1 (2024: 37:1)

The gender pay gap analysis compares the compensation received by all women to the compensation received by all men on an aggregated basis, without adjusting for role, seniority, location or performance. Gender pay is not the same as equal pay, and gender pay gaps are directly impacted by employee demographics.

Gender pay gap is therefore not the same as equal pay analysis. BAC is committed to equal pay for equal work and maintains robust policies and practices that reinforce this commitment. This includes annual analysis with outside experts to examine individual employee pay for the global workforce, including BofA Europe employees, compensation adjustments where appropriate, and oversight from the Board and senior management.

BofA Europe will continue to focus on its efforts to be a Great Place to Work, including building an inclusive and supportive culture, as described in the Social section of this broader disclosure.

Training and Career Development

Career Opportunities

At Bank of America, we pride ourselves on supporting our employees throughout their career journey, including through the development of emerging and growth areas. These present opportunities for employees to gain new skills and expand into new sectors and areas of expertise, and improves employee satisfaction, engagement, and retention.

BofA Europe provides employees with an abundance of opportunities to develop their career and reach their professional goals. The Company's onboarding experience connects teammates to its core values and purpose, providing education that helps them succeed in a new role; and offers continued professional development as they build a successful career with the Company.

Training and Skills

At BofA Europe, helping people grow is a top priority. Through The Academy, a global platform built with input from leaders across the Company to support employee development in key areas that align with broader business objectives. BofA Europe provides flexible, self-paced learning designed to empower employees to build new skills and strengthen existing ones. The Company's curated resources and programmes focus on enhancing professional effectiveness, fostering leadership capabilities, and supporting career progression—all aligned with business objectives.

From tailored onboarding experiences that provide education to succeed in a new role, through to continued line of business focused development opportunities. The Academy provides learning that supports the lifecycle of an employee's career, in place to improve performance and heighten employee satisfaction on their journey.

Training programmes delivered are based on consultation with business stakeholders and designed to target strategic priorities and help the Bank achieve continued success.

BofA Europe's learning pathways include:

- Professional Skills - Develop essential capability to improve effectiveness, collaboration, and influence.
- Manager Excellence - Build skills to lead teams, drive outcomes, and manage risk effectively.
- Leadership Development - Set up future leaders and enhance current leadership roles, through strategic thinking and decision-making.
- Financial Acumen - Deepen understanding of financial products, markets, and client needs.

⁵ The mean gender pay gap is calculated by subtracting the mean hourly total remuneration of female employees of BofA Europe from that of male employees, which is then divided by the mean hourly total remuneration of male employees and multiplied by 100.

⁶ The total remuneration ratio is calculated by dividing the annual total remuneration of the highest paid employee of BofA Europe by the median annual total remuneration for other employees.

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- Client-Centric Training - Strengthen client relationships and deliver exceptional experiences.
- Applications and Tools - Gain proficiency in essential systems and technology to work smarter.

In addition, mandatory compliance and conduct training is required for all employees and many contractors. BofA Europe also offers voluntary upskilling and career development opportunities, reflecting our long-term investment in employee success.

To further support BofA Europe's managers, the Company continues to encourage participation in the Enterprise Manager Development Series which promotes leadership behaviours in line with its values. The programme is built around eight expectations of managers at Bank of America — from leading a team to drive business outcomes, to being a financial steward, to effectively managing risk and more. It culminates in a capstone experience that helps enable managers to integrate the concepts and build an action plan to apply what they've learned. Through assessments, professional coaching and a consistent manager curriculum, BofA Europe continually strives to build managers' skills to better equip them for success and help them progress in their careers, ultimately strengthening our pipeline of leaders and instilling our values throughout the Company. Managers are also regularly engaged through the Company's Manager Excellence programme.

Opportunity and Inclusion

The BofA Europe Opportunity and Inclusion Statement sets forth BofA Europe's steadfast commitment to fostering an environment where employees receive a wide range of opportunities to further their personal and career development.

BofA Europe is committed to providing an abundance of opportunities for employees. This can take the form of career development opportunities, training delivered by The Academy, the eleven active Employee Networks across EMEA, and more. Employee Networks are spaces where colleagues can connect, share perspectives, raise awareness, and strengthen leadership skills – all whilst building stronger community ties. They are open to all employees and participation is voluntary.

BofA Europe is committed to ensuring an inclusive and safe environment, where everyone has the opportunity to achieve their career goals. This approach can improve employee satisfaction and retention.

Employee Metrics

Characteristics of employees

The following tables set out the key characteristics of BofA Europe's workforce. Unless otherwise stated all figures represent active headcount as of 31 December 2025 rather than Full-Time Equivalents. Any variance from the average headcount figure reported in financial statements is attributable to changes throughout the year.

The BofA Europe headcount split by Gender:

Gender	Number of Employees	
	2025	2024
Male	1,350	1,219
Female	937	832
Other	—	—
Not Reported	—	—
Total Employees	2,287	2,051

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The BofA Europe headcount split by Country:

Country (>50 Headcount)	Number of Employees	
	2025	2024
Ireland	1,052	921
United Kingdom	500	455
Germany	182	162
France	172	169
Spain	110	97
Italy	90	86
Switzerland	73	65
Other	108	96
Total	2,287	2,051

The BofA Europe headcount split by employment type:

31 December 2025

Gender	Headcount	Permanent	Temporary	Full Time	Part Time
Male	1,350	1,340	10	1,348	2
Female	937	934	3	902	35
Other	—	—	—	—	—
Not Reported	—	—	—	—	—
Total Employees	2,287	2,274	13	2,250	37

31 December 2024

Gender	Headcount	Permanent	Temporary	Full Time	Part Time
Male	1,219	1,215	4	1,216	3
Female	832	831	1	798	34
Other	—	—	—	—	—
Not Reported	—	—	—	—	—
Total Employees	2,051	2,046	5	2,014	37

The BofA Europe turnover rate:

2025		2024	
Number of leavers	Employee Turnover	Number of leavers	Employee Turnover
142	7%	127	6%

The turnover calculation is based on the number of people who left the Company, divided by the average number of employees for the year.

The BofA Europe Age Group distribution:

Age Group	2025		2024	
	Headcount	%	Headcount	%
Under 30	435	19 %	393	19 %
30 to 50	1,452	64 %	1,289	63 %
Over 50	400	17 %	369	18 %
Total	2,287	100 %	2,051	100 %

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The BofA Europe Senior Management split by gender:

Gender	2025		2024	
	Headcount	%	Headcount	%
Male	129	65 %	138	69 %
Female	70	35 %	63	31 %

Senior Management has been defined based on role in the organisation and is aligned to the definition used for other reporting across the region, such as the UK and Ireland Women in Finance Charters.

BofA Europe and BAC do not set targets on the material IROs relating to own workforce. BofA Europe is part of a global organisation made up of eight lines of business, spanning multiple geographies, and comprising many legal entities under the supervision of a wide range of regulators and legislative requirements. Strategic and operational procedures are set at the BAC level and implemented through each of the lines of business that make up the Company. BofA Europe has robust governance processes and internal quantitative and qualitative reporting in place to assess the employee engagement and the effectiveness of its actions. These mechanisms support the continued objective of being a Great Place to Work.

Policies Relating to Own Workforce

All policies are made available to employees and contractors through the internal Company intranet. The Code of Conduct, BAC Modern Slavery Statement, and BAC Human Rights Statement are also available in the public domain.

Conduct

All employees and contractors who undertake duties on behalf of BofA Europe and its branches are guided on management's expectations of their conduct and behaviour through a number of policies, guidelines, procedures and practices, including the Code of Conduct, BAC Modern Slavery Statement and BAC Human Rights Statement.

BofA Europe is committed to maintain a workplace where everyone feels respected, safe, and supported. Discrimination and harassment, in any form, have no place at Bank of America, including BofA Europe. This includes verbal, physical, visual, sexual, or abusive conduct (bullying), as defined in our Harassment, Discrimination and Retaliation Prevention Policy.

All employees deserve equal opportunities, no matter their gender, race, background, age, religion, ability, or any other protected characteristic.

BofA Europe's zero-tolerance approach to harassment, discrimination, and retaliation are outlined in the Harassment, Discrimination and Retaliation Prevention Policy, which provides clear definitions of prohibited behaviours, escalation channels, roles and accountabilities, and the controls and monitoring measures in place. The objective of the policy is to set expectations for all employees and contractors on appropriate conduct, while providing accessible escalation procedures when concerns arise.

Whistleblowing & Escalations

BofA Europe encourages all employees and supplier employees to raise concerns without fear of retaliation. This includes concerns related to ethics, inappropriate conduct, or any potential adverse human rights impacts. Employees and contractors are supported by multiple reporting channels, including internal routes via managers, Human Resources, or Compliance, as well as external options such as the Ethics and Compliance Hotline, which is managed by a third-party service provider. This hotline enables concerns to be raised anonymously by phone or web form.

Annual mandatory training is provided to employees and contractors in order to raise awareness of escalation channels, reinforce the importance of speaking up, and underscore BofA Europe's non-retaliation policy. Additional information is available on the Company intranet and in the Code of Conduct. Whistleblowing is overseen by the Board, with an Independent Director appointed as a Whistleblowing Champion. Reports are provided annually to the BofA Europe Audit Committee by the EMEA HR Legal and Employee Relations teams.

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The Company will treat any concern raised sensitively and will, where requested and subject to compliance with the law and regulatory requirements, not disclose any information other than is necessary for the investigation of the breach and for taking appropriate action. Internal Enterprise Investigations have protocols in place to help maintain confidentiality, to the extent possible. Any matters raised through whistleblowing or other channels are independently reviewed by the Internal Enterprise Investigations Intake & Routing team to determine the appropriate team to investigate the specific matter. Most commonly, the matters are routed to specialist teams such as Employee Relations or Internal Enterprise Investigations for investigation, with appropriate corrective or preventative action taken as required.

Further details on the approach to whistleblowing are referred to in the Business Conduct section.

Human Rights

BofA Europe is committed to respecting internationally recognised human rights standards. This commitment is reflected in the Modern Slavery Statement and the Human Rights Statement, adopted by the BofA Europe Executive Council. The statements align with the United Nations Universal Declaration of Human Rights, the International Labour Organisation's Fundamental Conventions, the UN Guiding Principles on Business and Human Rights, and the UN Global Compact.

BofA Europe aligns to the key commitments issued in the BAC Human Rights Statement, including the right to a living wage, freedom from forced or child labour and human trafficking, and access to a safe and healthy working environment. The statement also outlined the Company's approach to identifying, mitigating, and remedying any adverse human rights impacts across its operations, clients, and supply chain. Governance, training, and oversight mechanisms support the fulfilment of these responsibilities. BofA Europe confirms that, in relation to its own workforce, no reportable human rights impacts or reportable incidents of discrimination (including harassment) were identified in 2025.

GOVERNANCE (G1 Business Conduct)

The role and expertise of the Board related to Business Conduct:

The Board and the Board Committees play a key role in establishing and maintaining BofA Europe's culture, setting the tone at the top, and holding management accountable for its maintenance of high ethical standards and effective policies and practices to protect the Company's reputation, assets, and business. The Board, the Company and its employees operate under the Bank of America Code of Conduct and the Bank of America Risk Framework. The Board has formally adopted the Bank of America Code of Conduct and Bank of America Risk Framework.

In 2025, the Audit Committee received standing quarterly updates from the Culture and Conduct Risk Council on conduct related matters which are reported to the Board via the Committee Chair. In December 2025, the Board transferred ownership of culture and conduct related matters to the Nominations Committee. The Remuneration Committee conducts a bi-annual Conduct Review to understand conduct incidents as at mid-year and year-end and the impact on performance and compensation decisions. The Board approves key operating documents which include conduct elements (Strategic Plan, Risk Appetite Statement, ICAAP and ILAAP). In addition, various reports containing conduct-related information are presented to the BRC, Nominations Committee, Remuneration Committee and Board Standing Committee as required.

On an annual basis the individual and collective skills and experience of the Board is reviewed by the Nominations Committee using a Board Skills Matrix. Business Ethics is an area of expertise, and Directors have extensive practical experience in this area.

Business Conduct Policies and Corporate Culture:

The Company is committed to the highest principles of ethical and professional conduct. The Company recognises the importance of complying with the legal and regulatory requirements in the jurisdictions where it does business and the risks of improper and unethical conduct by its employees. The Bank of America Code of Conduct provides basic guidelines for business practices and professional and personal conduct, which all employees are expected to adopt and uphold. It sets expectations for the actions that employees should take and standards to which they should adhere to when competing in the marketplace and engaging with current or potential clients, shareholders,

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vendors and other employees. The Code of Conduct applies to all Bank of America employees globally, defines the expectations for everyone who acts on the Company's behalf ("third parties"), and it acknowledges that all have a set of responsibilities associated with individual jobs, but everyone, at every level of the Company, is expected to:

- Manage risk well as it is central to everything the Company does and is foundational to fulfilling the Company purpose and values and delivering Responsible Growth.
- Know and comply with the Code of Conduct and the laws, rules, regulations and policies that are applicable to their role and location.
- Complete the annual Code of Conduct training and acknowledgement.
- Watch for and report concerns about possible violations of the Code of Conduct, policy or applicable laws, rules and regulations.
- Fully and truthfully cooperate with any internal or external investigation into misconduct or workplace malpractice, subject to any legal protections and any applicable business-specific policies and procedures.
- Ask for help anytime there is uncertainty about what is expected.

The Bank of America Risk Framework serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries. The Risk Framework provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. Establishing and maintaining an effective risk culture drives good conduct. Individual accountability and managing risk well are at the heart of the risk culture. BofA Europe's approach to risk management is intended to reinforce a culture of personal integrity and accountability where risks are promptly identified, escalated and debated.

The risk culture stresses clear responsibility for managing risk at each level of the organisation, from the Board of Directors to executive management, managers and employees. The Board of Directors and executive management set values and drive the culture of risk management by setting the tone at the top and establishing expectations for a culture of compliance across the Company. Managers must lead by example and create an environment to ensure that risks are identified and considered appropriately, as well as to encourage a robust challenge process that effectively balances risk and reward in all business decisions. All employees are held accountable for adhering to the Code of Conduct, operating within the risk appetite and managing risk in their daily business activities.

The Company is committed to doing business ethically and establishing a culture that reflects the Company's Code of Conduct, Risk Framework, operating principles and values. Senior management must act as role models of the Company's culture and values and set the "tone at the top," emphasising the Company's values and leading by example in executing their responsibilities. Employees are expected to act in a manner consistent with high standards of professional conduct which merits public trust and confidence. Likewise, employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks, including conduct risk. These conduct and culture expectations are routinely communicated to employees and continuously reinforced throughout the employee lifecycle, primarily through the Code of Conduct, employee training, policies and procedures, performance management, compensation practices and senior leader messages.

Policies and standards are maintained which affirm the commitment to ethical conduct and embed practices that support the culture of managing risk well. They describe the requirements for adhering to applicable laws, rules and regulations and also articulate management's requirements and expectations, define roles and responsibilities and facilitate the consistent execution of processes and business activities. Policies are developed through a review and approval process that includes the Independent Risk Management team to help confirm that key legal and regulatory requirements are properly covered.

Employee training supports the risk culture and is an important part of how BofA Europe communicates both values and conduct expectations to employees. Enterprise-wide training programmes articulate management's expectations; highlight cultural values; guide proper business practices and professional conduct; train employees to comply with laws, rules and regulations and internal policies, standards and procedures and drive subject matter proficiency. Mandatory training also reinforces the culture of managing risk well by reinforcing each employee's obligation to identify, escalate and debate risks. A range of learning options are made available, from instructor-led learning and web-based training to e-books and videos, which helps ensure that employees can access the materials as needed to develop skills and expertise consistent with values and expectations. A standardised escalation and disciplinary approach is used to drive completion of enterprise-wide required training, which is tracked and addresses employees who fail to complete required training on time.

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The Code of Conduct requires all employees to promptly report any information about conduct by another employee or agent that they reasonably believe to be: (i) a crime; (ii) a violation of law, regulation or Company policy; or (iii) a dishonest act. Employees may escalate such concerns to their manager, a Compliance and Operational Risk Officer, a GHR partner, or the Ethics and Compliance Hotline. The Ethics and Compliance Hotline enables employees who witness or suspect employee misconduct to report such activities anonymously if the person does not want to report it through other channels. BofA Europe does not tolerate retaliation against any employee who in good faith reports suspected unethical conduct or other misconduct.

Once potential employee misconduct has been detected, processes are followed which provide for the thorough gathering of relevant information to consistently and rigorously evaluate each case, applying the appropriate level of discipline, and determining whether any additional remedial actions or control improvements are needed. This also includes routines to review employee misconduct incidents in accordance with standardised protocols, and to consider additional controls or enhancements to existing controls, supervisory actions, training or advisories that may be needed for a particular employee, LoB or geographic region.

BofA Europe maintains an Ireland Whistleblowing Policy which applies to workers of the Company and its branches and provides a procedure for reporting inappropriate activity, i.e. whistleblowing, on a confidential basis and is outlined as one of the key employee engagement channels in the Social section. This policy and the Code of Conduct set out the preferred procedure for whistleblowing as required by Irish law, rules and regulations, the Central Bank of Ireland Supervision and Enforcement Act 2013 (the "2013 Act"), the Protected Disclosure Act 2014 (the "2014 Act") and the Protected Disclosures (Amendment) Act 2022 (the "2022 Act").

The purpose of this Policy is to illustrate the types of activities which may justify whistleblowing and to explain the procedure and the importance of reporting incidents. It also sets out the requirements for certain employees and contractors of BofA Europe (including its branches) to report certain types of misconduct including: (i) information relating to breaches of financial services legislation; and (ii) the destruction or concealment of relevant evidence related to such breaches (together "contraventions of financial services legislation") to the CBI or other relevant regulatory authority.

In addition to those issues which must be reported to the CBI, staff are made aware that they can report other issues to the CBI at any time. They can, for example, do that at the same time as they report them internally (or even before they do so), without fear of retaliation. For details of how to raise concerns to the CBI, staff are directed to the CBI's website. Retaliatory conduct is defined to include dismissal, demotion, suspension, threats, harassment and other adverse treatment in the context of employment. Finally, staff are made aware that it is possible to report certain breaches of European Union law to the ECB via its whistleblowing platform. For further information on when this might be appropriate and how to do it, staff are referred to the ECB's website.

All policies relating to Business Conduct, including those referenced for Supplier Management and Bribery and Corruption below, are published on an internal intranet site and therefore accessible to all persons to whom they apply. The Code of Conduct and Supplier Expectations are also available to external stakeholders in the Public Domain.

BofA Europe has not set targets relating to business conduct. BofA Europe has robust governance processes and internal quantitative and qualitative reporting in place to assess business conduct.

Supplier management

The Company's Global Third Party Programme ("GTPP") organisation owns third-party risk for the Company, defines third party risk management requirements, partnering with policy owners, and has an established governance structure that supports the identification, debate, escalation, and decisioning of third-party risks, ensuring escalation is commensurate with the significance of the risk. The Chief Procurement Officer is responsible for oversight of the GTPP, including the Third Party Enterprise Policy and the Third Party Programme Standard which outline the requirements for planning, sourcing, management, oversight, and governance of suppliers.

The Company sets environmental and social expectations of suppliers through the Supplier Expectations, to which suppliers are expected to adhere while conducting business with or on behalf of the Company. The Supplier Expectations is managed by the GTPP and based on internationally recognised norms, including the International Labour Organisation's Fundamental Conventions, the United Nations Universal Declaration on Human Rights, the United Nations Guiding Principles on Business and Human Rights and the United Nations Global Compact.

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Environmental and social expectations are also in the Company's contract templates to foster supplier accountability. Additional approvals are required if suppliers wish to negotiate changes to these terms.

The Company monitors adherence to the Supplier Expectations utilising a risk-based approach to review the policies and procedures of the highest spend suppliers and those aligned to industries with environmental and social risk prior to awarding and/or renewing contracts. The Company's lines of business are accountable for selecting suppliers that can adhere to our Supplier Expectations.

The Company also conducts ongoing due diligence on existing suppliers to ensure that an effective control environment is in place. This due diligence is applicable based upon each supplier's risk profile (for example, access to data, industry sector, location, annual spend) and includes a review of policies, procedures and/or reporting specific to privacy, forced and child labour, grievance mechanisms, discrimination and harassment, and adequate wages. If a supplier provides a non-compliant response, remediation is required to avoid escalation.

All suppliers have access to the Company's Ethics and Compliance Hotline to submit complaints or possible violations of the Supplier Expectations. All complaints are thoroughly and confidentially investigated and tracked to closure in a timely manner.

BofA Europe payment practices are used to ensure timely payment and avoid aged invoices. BofA Europe pays vendors in accordance with contractual terms and timelines. Payment terms are not determined by supplier size or categorisation and follows the same methodology for all suppliers. Standard terms are based upon a 60 day pay term unless otherwise denoted within the contract. Suppliers are encouraged to submit invoices via email directly to Corporate Accounts Payable. Invoices submitted with fewer than 10 calendar days before the due date are subject to escalation. Invoice approvers must approve invoices immediately upon receiving a request, with delayed approvals subject to escalation. Fully approved invoices are paid in the next scheduled payment run that occurs after their approval or aligned with the input pay terms on the vendor static data. Electronic payment methods are utilised.

This standard net 60 pay term is used as a base metric, as well as supplier invoice date and payment issuance date, to calculate the average time to pay invoices and the percentage of invoices paid on time. The average time to pay an invoice, in number of days is 36 days (2024: 38 days). The percentage of payments aligned to standard terms is 85% (2024: 79%). For the reporting year, there have not been any legal proceedings for late payments (2024: 0).

Anti-Bribery and Anti-Corruption

The Company takes a zero-tolerance approach to bribery and corruption and reinforces the Company's operating principles and commitment to doing business the right way: with honesty, integrity, and fairness. BofA Europe is committed to complying with laws, rules and regulations pertaining to activities performed by the Company and its employees that may present bribery and corruption risk. Bribery and corruption risks are managed by the Anti-Bribery and Anti-Corruption ("ABAC") team at an enterprise level, who are responsible for mitigating bribery and corruption risks across all of Bank of America's business activities.

To ensure compliance with Anti-Bribery and Anti-Corruption laws and principles, the ABAC team has developed and manages the overarching Anti-Bribery Anti-Corruption Enterprise Policy. This policy covers the process to prevent and detect, investigate, and respond to allegations or incidents relating to corruption and bribery. The ABAC Policy also includes sections covering controls, monitoring, and reporting and applies to all legal entities. The policy is available via an internal intranet site, accessible by all BofA employees. The Board both approves and adopts all policies for the entity, with management having the responsibility for executing the requirements of the policy. The ABAC team also manages subject matter specific policies and standards, including the Enterprise Gifts and Entertainment ("G&E") Policy and Third-Party Intermediary ("TPI") Standard. Any suspected violations of the Anti-Bribery Anti-Corruption Policy or the subject matter specific policies and standards must be reported promptly to the ABAC team.

The enterprise-wide GCOR Policy defines requirements: from identifying applicable laws, rules, and regulations to effectively assessing, monitoring, remediating, and reporting compliance risks. These requirements work together to drive a comprehensive approach for the proactive identification, management, and escalation of compliance risks throughout the Company. The ABAC team applies these concepts to provide an independent 2nd line of defence oversight of bribery and corruption risks and any formal investigations on bribery and corruption related matters would be conducted by an independent internal investigations team.

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The ABAC team has a comprehensive set of monitoring and testing routines, performed at a set frequency, to identify Anti-Bribery Anti-Corruption emerging risks. The ABAC team also uses testing to provide a point-in-time examination of one or more Anti-Bribery Anti-Corruption related processes, controls, policies, or data sources utilised for managing risk to assess the effectiveness of the control environment.

The ABAC team follows the escalation path laid out in the GCOR Policy, which is applicable to all legal entities.

The Head of GCOR employs a compliance governance structure that consists of an escalation path from the GCOR and Enterprise Area of Coverage teams to senior management and the Board (or appropriate Board-level committee), as applicable. Senior management escalation may include escalation to the GCOR senior leadership team, Global Compliance and Operational Risk Committee ("GCORC"), or its subcommittees. The governance structure is supported by Executive Reporting, a mechanism of governance and management routines for providing compliance risk management information for internal and external stakeholders.

Policies are published on an internal intranet site and therefore accessible to all persons to whom they apply. Additionally, the ABAC team issues regular advisory communications, such as seasonal reminders regarding the Gifts and Entertainment Policy requirements each year. ABAC also communicates policy requirements in response to queries escalated through the ABAC EMEA Mailbox, which permits ABAC to provide direct responses/clarification to specific questions raised and check that relevant requirements are understood.

Anti-Bribery Anti-Corruption training is issued to all new employees and separately included in the Code of Conduct training which is issued to all employees on an annual basis. This training includes topics such as identifying bribery and corruption risks and the escalation procedure if risks are identified. Training is also given around the topic of pre-approving gifts and entertainment and how to register any gifts provided or received. These training courses are approximately 1 hour in duration, accessed via an internal learning portal and is compulsory for all employees (2024: 1 hour). The ABAC team monitors training compliance to ensure 100% participation (2024: 100%).

Incidents of corruption or bribery (G1-4)

There were no known incidents of corruption or bribery during the reporting year relating to actors in the Company's value chain where the Company was involved. There were no convictions or fines for violations of Anti-Corruption or Anti-Bribery laws during the reporting year (2024:0). There were no functions that are deemed to be more at risk of bribery and corruption than others.

All internal breaches of Anti-Corruption and Anti-Bribery policies, procedures, and standards are required to be escalated to the ABAC team for their review. The ABAC team has an enterprise-wide disciplinary procedure to address any breaches of Anti-Corruption & Anti-Bribery policies, procedures, and standards. All breaches where disciplinary action is proposed are shared and reviewed at an EMEA wide breach forum to ensure the outcome is reasonable and proportionate to the breach. Once reviewed, the disciplinary action is issued and then logged in an internal issues management tool.

Mechanisms for identifying, reporting and investigating concerns (G1-1)

BofA Europe strives to prevent misconduct from occurring in the first place, but has also implemented various activities to detect misconduct when it occurs. Whilst the approach to prevention of misconduct is grounded in reinforcing to all employees the Company values, culture and risk management approach, the detection approach emphasises early identification and remediation of issues. The Company uses a system of processes and controls in both the Front Line Units ("FLUs") and Control Functions ("CFs") designed to identify when misconduct has occurred and relies on a variety of channels for the identification and escalation of potential misconduct. Many detection mechanisms are used to review and investigate conduct concerns. Potential conduct incidents are detected both from the "top down" through systems and controls that are designed to identify misconduct, and from the "bottom up" through a variety of channels for employees to escalate actual or potential conduct concerns.

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APPENDIX TO SUSTAINABILITY STATEMENT

ESRS Disclosure Requirements

The following table details the ESRS Disclosure Requirements addressed in the Sustainability Statement.

Sustainability Matter	Disclosure Requirement	Description	Page
E1 - Climate Change	ESRS 2 – GOV-3	Integration of sustainability-related performance in incentive schemes	40
	E1-1	Transition plan for climate change mitigation	33
	ESRS 2 – SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model (Resilience Planning)	29
	ESRS 2 – IRO-1	Description of the processes to identify and assess material climate related impacts, risks and opportunities (Climate-related IROs)	29
	E1-2	Policies related to climate change mitigation	34
	E1-3	Actions and resources in relation to climate change policies	34
	E1-4	Targets related to Climate Change Mitigation	33
	E1-5	Energy consumption and mix	35
S1 - Own Workforce	E1-6	Gross Scopes 1, 2, 3 and Total GHG emissions	35
	ESRS 2 – SBM-2	Interests and views of stakeholders	26
	ESRS 2 – SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	29
	S1-1	Policies related to own workforce	44
	S1-2	Processes for engaging with own workers and workers' representatives about impacts	39
	S1-3	Processes to remediate negative impacts and channels for own workers to raise concerns	44
	S1-4	Taking action on material impacts on own workforce, and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	44
	S1-5	Targets related to managing material negative impacts, advancing positive impacts, and managing material risks and opportunities	44
	S1-6	Characteristics of the undertaking's employees	42
	S1-8	Collective bargaining coverage and social dialogue	39
	S1-9	Diversity metrics	44
	S1-10	Adequate wages	40
	S1-16	Compensation metrics (pay gap and total compensation)	40
	S1-17	Incidents, complaints and severe human rights impacts	45
G1 - Business Conduct	GOV-1	The role of the administrative, supervisory and management bodies	45
	ESRS 2 IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities (Business Conduct IROs)	29
	G1-1	Business conduct policies and corporate culture	45
	G1-2	Management of relationships with suppliers	47
	G1-3	Prevention and detection of corruption and bribery	48
	G1-4	Confirmed incidents of corruption or bribery	49
ESRS 2 - General Disclosures	G1-6	Payment Practices	47
	BP-1	General basis for preparation of sustainability statements	18
	BP-2	Disclosures in relation to specific circumstances	18
	GOV-1	The role of the administrative, management and supervisory bodies	45
	GOV-2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	45
	GOV-3	Integration of sustainability-related performance in incentive schemes	40
	GOV-4	Statement on due diligence	53
	GOV-5	Risk management and internal controls over sustainability reporting	23
	SBM-1	Strategy, business model and value chain	26
	SBM-2	Interests and views of stakeholders	26
	SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	29
	IRO-1	Description of the processes to identify and assess material impacts, risks and opportunities	26
	IRO-2	Disclosure requirements in ESRS covered by the undertaking's sustainability statement	51

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ESRS Data Points Derived from certain other EU Regulation

Commission Delegated Regulation (EU) 2023/2772 documents in Appendix B of ESRS 2 how specific ESRS data points derive from Sustainable Finance Disclosures Regulation (SFDR)¹, CRR² Article 449a, Benchmark Regulation³ and EU Climate Law⁴. The location of those data points are disclosed in the table below in line with the disclosure requirement ESRS 2, IRO-2.

Disclosure Requirement	Related datapoint	Page
ESRS 2 GOV-1	Board's gender diversity paragraph - 21 (d)	19
ESRS 2 GOV-1	Percentage of Directors who are independent paragraph - 21 (e)	19
ESRS 2 GOV-4	Statement on due diligence paragraph - 30	53
ESRS 2 SBM-1	Involvement in activities related to fossil fuel activities paragraph - 40 (d) i	Not required
ESRS 2 SBM-1	Involvement in activities related to chemical production paragraph - 40 (d) ii	Not required
ESRS 2 SBM-1	Involvement in activities related to controversial weapons paragraph - 40 (d) iii	Not required
ESRS 2 SBM-1	Involvement in activities related to cultivation and production of tobacco paragraph - 40 (d) iv	Not required
ESRS E1-1	Transition plan to reach climate neutrality by 2050 paragraph - 14	33
ESRS E1-1	Undertakings excluded from Paris-aligned Benchmarks paragraph - 16 (g)	Not applicable
ESRS E1-4	GHG emission reduction targets paragraph - 34	33
ESRS E1-5	Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph - 38	Not applicable
ESRS E1-5	Energy consumption and mix paragraph - 37	35
ESRS E1-5	Energy intensity associated with activities in high climate impact sectors paragraphs - 40 to 43	Not material
ESRS E1-6	Gross Scope 1, 2, 3 and Total GHG emissions paragraph - 44	35
ESRS E1-6	Gross GHG emissions intensity paragraphs - 53 to 55	37
ESRS E1-7	GHG removals and carbon credits paragraph - 56	Not material
ESRS E1-9	Exposure of the benchmark portfolio to climate-related physical risks paragraph - 66	Not material
ESRS E1-9	Disaggregation of monetary amounts by acute and chronic physical risk paragraph - 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph - 66 (c).	Not material
ESRS E1-9	Breakdown of the carrying value of its real estate assets by energy-efficiency classes paragraph - 67 (c).	Not material
ESRS E1-9	Degree of exposure of the portfolio to climate- related opportunities paragraph - 69	Not material
ESRS E2-4	Amount of each pollutant listed in Annex II of the E-PRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil, paragraph - 28	Not material
ESRS E3-1	Water and marine resources paragraph - 9	Not material
ESRS E3-1	Dedicated policy paragraph - 13	Not material
ESRS E3-1	Sustainable oceans and seas paragraph - 14	Not material
ESRS E3-4	Total water recycled and reused paragraph - 28 (c)	Not material
ESRS E3-4	Total water consumption in m3 per net revenue on own operations paragraph - 29	Not material
ESRS 2- IRO 1 - E4	Paragraph - 16 (a) i	Not material
ESRS 2- IRO 1 - E4	Paragraph - 16 (b)	Not material
ESRS 2- IRO 1 - E4	Paragraph - 16 (c)	Not material
ESRS E4-2	Sustainable land / agriculture practices or policies paragraph - 24 (b)	Not material
ESRS E4-2	Sustainable oceans / seas practices or policies paragraph - 24 (c)	Not material
ESRS E4-2	Policies to address deforestation paragraph - 24 (d)	Not material
ESRS E5-5	Non-recycled waste paragraph - 37 (d)	Not material
ESRS E5-5	Hazardous waste and radioactive waste paragraph - 39	Not material
ESRS 2- SBM3 - S1	Risk of incidents of forced labour paragraph - 14 (f)	Not material
ESRS 2- SBM3 - S1	Risk of incidents of child labour paragraph - 14 (g)	Not material
ESRS S1-1	Human rights policy commitments paragraph - 20	45

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Disclosure Requirement	Related datapoint	Page
ESRS S1-1	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph - 21	45
ESRS S1-1	Processes and measures for preventing trafficking in human beings paragraph - 22	45
ESRS S1-1	Workplace accident prevention policy or management system paragraph - 23	Not material
ESRS S1-3	Grievance/complaints handling mechanisms paragraph - 32 (c)	44
ESRS S1-14	Number of fatalities and number and rate of work-related accidents paragraph - 88 (b) and (c)	Not required
ESRS S1-14	Number of days lost to injuries, accidents, fatalities or illness paragraph - 88 (e)	Not required
ESRS S1-16	Unadjusted gender pay gap paragraph - 97 (a)	40
ESRS S1-16	Excessive CEO pay ratio paragraph - 97 (b)	40
ESRS S1-17	Incidents of discrimination paragraph - 103 (a)	45
ESRS S1-14	Non-respect of UNGPs on Business and Human Rights and OECD paragraph - 104 (a)	Not material
ESRS 2- SBM3 – S2	Significant risk of child labour or forced labour in the value chain paragraph - 11 (b)	Not material
ESRS S2-1	Human rights policy commitments paragraph - 17	Not material
ESRS S2-1	Policies related to value chain workers paragraph - 18	Not material
ESRS S2-1	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph - 19	Not material
ESRS S2-1	Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, paragraph - 19	Not material
ESRS S2-4	Human rights issues and incidents connected to its upstream and downstream value chain paragraph - 36	Not material
ESRS S3-1	Human rights policy commitments paragraph - 16	Not material
ESRS S3-1	Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph - 17	Not material
ESRS S3-4	Human rights issues and incidents paragraph - 36	Not material
ESRS S4-1	Policies related to consumers and end-users paragraph - 16	Not material
ESRS S4-1	Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph - 17	Not material
ESRS S4-4	Human rights issues and incidents paragraph - 35	Not material
ESRS G1-1	United Nations Convention against Corruption paragraph - 10 (b)	Not applicable
ESRS G1-1	Protection of whistle-blowers paragraph - 10 (d)	Not applicable
ESRS G1-4	Fines for violation of anti-corruption and anti-bribery laws paragraph - 24 (a)	48
ESRS G1-4	Standards of anti-corruption and anti-bribery paragraph - 24 (b)	48

¹ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability-related disclosures in the financial services sector (Sustainable Finance Disclosures Regulation)

² Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation “CRR”)

³ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014

⁴ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing the framework for achieving climate neutrality and amending Regulations (EC) No 401/2009 and (EU) 2018/1999 (‘European Climate Law’)

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ESRS Policies⁷

Standard	Policy or Framework referenced	IRO from the DMA being addressed (MDR-P 65(a))*	Link to requirement section
E1 (Climate Change)	Risk Framework	Framework is referenced only for contextual information but does not address a material IRO from the DMA.	Climate and Environment Risk Management
E1 (Climate Change)	BofA Europe Climate and Environmental Risk Framework	Framework is referenced only for contextual information but does not address a material IRO from the DMA.	
S1 (Own Workforce)	Human Rights Statement	Training and Skills development, Great Place to Work (Working Conditions, Opportunity & Inclusion Adequate Wages)	Policies relating to Own Workforce
S1 (Own Workforce)	Modern Slavery Statement	Great Place to Work (Working Conditions, Adequate Wages)	
S1 (Own Workforce)	Code of Conduct	Training and Skills development, Great Place to Work (Working Conditions, Opportunity & Inclusion)	
S1 (Own Workforce)	Harassment Discrimination and Retaliation prevention policy	Training and Skills development, Great Place to Work (Working Conditions, Opportunity & Inclusion)	
S1 (Own Workforce)	Opportunity & Inclusion Statement	Great Place to Work (Working Conditions, Opportunity & Inclusion)	
S1 (Own Workforce)	Code of Conduct	Business Conduct, Corporate Culture	
G1 (Business Conduct)	Code of Conduct	Business Conduct, Corporate Culture	Business Conduct Policies and Corporate Culture
G1 (Business Conduct)	Supplier Expectations	Supplier Relationships	
G1 (Business Conduct)	Third Party Enterprise Policy	Supplier Relationships	
G1 (Business Conduct)	Third Party Programme Standard	Supplier Relationships	
G1 (Business Conduct)	Anti-bribery Anti-corruption	Corruption & Bribery	
G1 (Business Conduct)	Ireland Whistleblowing Policy	Business Conduct	

*The most senior level in the undertaking's organisation that is accountable for the implementation of the policy is the Board or CEO.

Due Diligence Mapping

Due diligence is the process by which the Company identifies, prevents, mitigates and accounts for its actual and potential negative impacts on stakeholders including the environment. The five core elements of due diligence, as defined in the ESRS, are set out in the table below along with references to related disclosures in the Sustainability Statement and with a focus on the Company's identified adverse impact relating to Scope 3 financed emissions arising from its downstream value chain.

⁷The items listed above are Bank of America policies / frameworks aside from the BofA Europe Climate and Environmental Risk Framework and the Ireland Whistleblowing Policy. They are all adopted by the Board or a BofA Europe committee reporting to the Board and apply to BofA Europe.

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CORE ELEMENTS OF DUE DILIGENCE	LOCATION IN THE SUSTAINABILITY STATEMENT
a) Embedding due diligence in governance, strategy and business model	<p>Embedding due diligence into the Company's governance, strategy, and business model supports effective management of actual and potential adverse impacts. Disclosures include:</p> <ul style="list-style-type: none"> • The sustainability matters considered by the Board and its Committees are listed in the "Oversight of Sustainability Matters Addressed in 2025" subsection, Page 22, • The role of sustainability-related performance in compensation to the Board is explained in "Integration of sustainability-related performance in incentive schemes", Page 40; and • The strategy of the company as detailed in the Strategy section, page 23 and specific consideration of the environment in the "Environment" subsection, Page 31.
b) Engaging with affected stakeholders in all key steps of the due diligence	<p>Communication with stakeholders helps ensure the effectiveness of due diligence, including the identification of actual and potential adverse impacts</p> <ul style="list-style-type: none"> • Interaction with stakeholders including clients is discussed in the "Value Chain and Stakeholder Engagement" section, Page 25. • Interaction with suppliers on sustainability matters is discussed in the "Management of relationships with suppliers" subsection; Page 47. • The DMA process considered the views of the Company's stakeholders and is detailed in the "DMA Assessment Process", Page 26. • The "ESRS Policies" section in the sustainability appendix provides details of referenced policies, including those related to stakeholders, Page 53. • Stakeholders were considered as part of the sustainability matters considered by the Board and its Committees. The topics are listed in the "Oversight of Sustainability Matters Addressed in 2025" subsection, Page 22.
c) Identifying and assessing adverse impacts	<p>Identifying and assessing adverse impacts is central to defining the scope of due diligence.</p> <ul style="list-style-type: none"> • The DMA process was followed to identify potential and actual adverse impacts and is detailed in the "DMA Assessment Process", Page 26. • The strategy of the Company is important contextual information for identifying and assessing adverse impacts and is detailed in the Strategy section, Page 23.
d) Taking actions to address those adverse impacts	<p>Due diligence encourages mitigating activities that cause or contribute to adverse impacts. The Company's current and planned actions to mitigate its financed emissions are described in:</p> <ul style="list-style-type: none"> • Climate Change Actions, Page 34. • The Company contributes to the Bank of America Transition Plan Page 34,
e) Tracking the effectiveness of these efforts and communicating	<p>Due diligence requires that impacts are measured to support identification, prevention and mitigation and remediation of impacts.</p> <ul style="list-style-type: none"> • The Company contributes to the Bank of America financed emissions goals. Details of activities can be found in the "Climate Change Metrics and Targets" subsection, Page 33. • The Company's financed emissions are reported in the "Gross and Total GHG emissions", Page 35.



Independent practitioners' limited assurance report on Bank of America Europe DAC's Sustainability Statement

To the Directors of Bank of America Europe DAC,

Limited assurance conclusion

We have conducted a limited assurance engagement on the sustainability statement of Bank of America Europe DAC (the Company), included in pages [18](#) to [54](#), of the Directors' Report (the "Sustainability Statement"), as at 31 December 2025 and for the year then ended, prepared in accordance with Part 28 of the Companies Act 2014.

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Sustainability Statement is not prepared, in all material respects, in accordance with Part 28 of the Companies Act 2014, including:

- compliance of the sustainability reporting with the European Sustainability Reporting Standards ("ESRS");
- the process carried out by the Company to identify the information reported pursuant to the sustainability reporting standards (the "Process"), is in accordance with the description set out in note Double Materiality Assessment ("DMA") Process section of the Sustainability Statement; and
- compliance of the disclosures in subsection EU Taxonomy within the environmental section of the Sustainability Statement with Article 8 of EU Regulation 2020/852 (the "Taxonomy Regulation").

Basis for our conclusion

We conducted our limited assurance engagement in accordance with International Standard on Assurance Engagements (Ireland) 3000, Assurance engagements other than audits or reviews of historical financial information - assurance of sustainability reporting in Ireland ("ISAE (Ireland) 3000"), issued by the Irish Auditing & Accounting Supervisory Authority (IAASA). The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion. Our responsibilities under this standard are further described in the Practitioners' responsibilities section of our report.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants ("IESBA" Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and the independence requirements of the Companies Act 2014 and the Code of Ethics issued by Chartered Accountants Ireland that are relevant to our limited assurance engagement of the Sustainability Statement in Ireland.

The firm applies International Standard on Quality Management (Ireland) 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibilities for the Sustainability Statement

As explained more fully in the Statement of Directors' Responsibilities for the Sustainability Statement as set out on page 2, the Directors of the Company are responsible for designing and implementing a process to identify the information reported in the Sustainability Statement in accordance with the ESRS and for disclosing this Process in note Double Materiality Assessment ("DMA") Process of the Sustainability Statement. This responsibility includes:

- understanding the context in which the Company's activities and business relationships take place and developing an understanding of its affected stakeholders;
- the identification of the actual and potential impacts (both negative and positive) related to sustainability matters, as well as risks and opportunities that affect, or could reasonably be expected to affect, the Company's financial position, financial performance, cash flows, access to finance or cost of capital over the short, medium, or long-term;
- the assessment of the materiality of the identified impacts, risks and opportunities related to sustainability matters by selecting and applying appropriate thresholds; and
- making assumptions that are reasonable in the circumstances.

The Directors of the Company are further responsible for the preparation of the Sustainability Statement, in accordance with Part 28 of the Companies Act 2014, including:

- compliance with the ESRS;
- preparing the disclosures in EU Taxonomy of the Sustainability Statement, in compliance with the Taxonomy Regulation;
- designing, implementing and maintaining such internal control that the Directors determine is necessary to enable the preparation of the Sustainability Statement that is free from material misstatement, whether due to fraud or error; and
- the selection and application of appropriate sustainability reporting methods and making assumptions and estimates that are reasonable in the circumstances.

Inherent limitations in preparing the Sustainability Statement

As discussed in Data challenges and estimation uncertainty, greenhouse gas emissions quantification is subject to inherent uncertainty and estimation because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

In reporting forward-looking information in accordance with ESRS, the Directors of the Company are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by the Company. Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Practitioners' responsibilities

Our responsibility is to plan and perform the assurance engagement to obtain limited assurance about whether the Sustainability Statement is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that includes our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence decisions of users taken on the basis of the Sustainability Statement as a whole.

As part of a limited assurance engagement in accordance with ISAE (Ireland) 3000 we exercise professional judgement and maintain professional scepticism throughout the engagement. Our responsibilities in respect of the Sustainability Statement, in relation to the Process, include:

- Obtaining an understanding of the Process, but not for the purpose of providing a conclusion on the effectiveness of the Process, including the outcome of the Process;
- Considering whether the information identified addresses the applicable disclosure requirements of the ESRS; and

- Designing and performing procedures to evaluate whether the Process is consistent with the Company's description of its Process set out in note Double Materiality Assessment ("DMA") Process section of the Sustainability Statement.

Our other responsibilities in respect of the Sustainability Statement include:

- Identifying where material misstatements are likely to arise, whether due to fraud or error; and
- Designing and performing procedures responsive to where material misstatements are likely to arise in the Sustainability Statement. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

A limited assurance engagement involves performing procedures to obtain evidence about the Sustainability Statement. The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

The nature, timing and extent of procedures selected depend on professional judgement, including the identification of disclosures where material misstatements are likely to arise in the Sustainability Statement, whether due to fraud or error.

In conducting our limited assurance engagement, with respect to the Process, we:

- Obtained an understanding of the Process by:
 - performing inquiries to understand the sources of the information used by management (e.g., stakeholder engagement, business plans and strategy documents); and
 - reviewing the Company's internal documentation of its Process.
- Evaluated whether the evidence obtained from our procedures with respect to the Process implemented by the Company was consistent with the description of the Process set out in note Double Materiality Assessment ("DMA") Process section of the Sustainability Statement.

In conducting our limited assurance engagement, with respect to the Sustainability Statement, we:

- Obtained an understanding of the Company's reporting processes relevant to the preparation of its Sustainability Statement by obtaining an understanding of the Company's control environment, processes and information system relevant to the preparation of the Sustainability Statement, but not for the purpose of providing a conclusion on the effectiveness of the Company's internal control.
- Evaluated whether the information identified by the Process is included in the Sustainability Statement;
- Evaluated whether the structure and the presentation of the Sustainability Statement is in accordance with the ESRS;
- Performed inquiries of relevant personnel and analytical procedures on selected information in the Sustainability Statement;
- Performed substantive assurance procedures on selected information in the Sustainability Statement;
- Where applicable, compared disclosures in the Sustainability Statement with the corresponding disclosures in the Annual Report and Financial Statements; and
- Evaluated the methods, assumptions and data for developing estimates and forward-looking information.



Other matter – Compliance with the requirement to mark-up the Sustainability Statement

Section 1613(3)(c) of the Companies Act 2014 requires us to report on the compliance by the Company with the requirement to mark-up the Sustainability Statement in accordance with Section 1600 of that Act. Section 1600 of the Companies Act 2014 requires that the Directors' Report is prepared in the electronic reporting format specified in Article 3 of Delegated Regulation (EU) 2019/815 and that the directors shall mark-up the Sustainability Statement. However, at the time of issuing our limited assurance report, the electronic reporting format has not been specified nor become effective by Delegated Regulation. Consequently, the Company is not required to mark-up the Sustainability Statement. Our conclusion is not modified in respect of this matter.

Other Matter- References to external sources or websites

The references to external sources or websites in the Sustainability Statement are not part of the Sustainability Statement and therefore are not within the scope of our limited assurance engagement.

Other Matter- Comparative Information

The comparative information included in the Sustainability Statement of the Company as at 31 December 2024 and for the year then ended was assured by another practitioner whose assurance report, dated 25 March 2025, expressed an unmodified conclusion. Our conclusion is not modified in respect of this matter.

Use of this report

Our report is made solely in accordance with Section 1613 of the Companies Act 2014 to the Directors of the Company.

Our assurance work has been undertaken so that we might state to the Directors those matters we are required to state to them in a limited assurance report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and its Directors, as a body, for our limited assurance work, for this report, or for the conclusions we have formed.

Fidelma Boyce

for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
13 March 2026

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Independent auditors' report to the members of Bank of America Europe DAC

Report on the audit of the financial statements

Opinion

In our opinion, Bank of America Europe DAC's financial statements:

- give a true and fair view of the company's assets, liabilities and financial position as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland (accounting standards issued by the Financial Reporting Council of the UK, including Financial Reporting Standard 101 "Reduced Disclosure Framework" and Irish law); and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise:

- the Statement of financial position as at 31 December 2025;
- the Income statement and Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the accounting policies.

Our opinion is consistent with our reporting to the Audit Committee.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ("ISAs (Ireland)") and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that other services prohibited by IAASA's Ethical Standard were not provided.

Other than those disclosed in [Note 10] to the financial statements, we have provided no non-audit services to the company in the period under audit.

Our audit approach

Overview

Audit scope

- We performed a full scope audit of the Company's financial statements.

Key audit matters

- Valuation of level 3 Traded loans and Loans and advances to customers at Fair Value Through Profit and Loss ('FVPL')
- Impairment allowance for expected credit losses of loans and advances to customers including guarantees and commitments (IFRS 9)



Materiality

- Overall materiality: \$160 million based on c. 1% of net assets.
- Performance materiality: \$120 million.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
<p>Valuation of level 3 Traded loans and Loans and advances to customers at Fair Value Through Profit and Loss ('FVPL')</p> <p>Refer to Note 2.11 'Financial assets – Classification and subsequent measurement', Note 2.12 'Financial liabilities – classification and subsequent measurement', Note 2.13 'Fair value measurement', Note 2.18 'Trading assets and liabilities', all within Note 2 'Material accounting policies', Note 3 (b) 'Valuation of financial instruments' within Note 3 'Critical accounting estimates and judgements', Note 17 'Trading assets', Note 20 'Loans and advances to customers', and Note 42 'Fair value measurement'.</p> <p>The Company's level 3 loans include Traded loans of \$574m and Loans and advances to customers of \$243m ('Level 3 Loans'). These Level 3 Loans, which include distressed debt and mortgage instruments, are measured at fair value through profit and loss.</p> <p>The estimation of the fair value of these instruments primarily involves discounted cashflow models with judgemental inputs where there is limited market data observability.</p> <p>We determined this to be a key audit matter as the methodology to determine the fair values for Level 3 Loans is subjective in nature and involves assumptions which are highly judgemental.</p>	<p>We evaluated the design and tested the operating effectiveness of key controls over the valuation of financial instruments held at fair value through profit and loss. This included:</p> <ul style="list-style-type: none">• The independent price verification controls, including assessing the third-party pricing sources used; and• Engaging our valuation experts to assess model validation and approval controls. <p>In addition, we performed substantive testing, which included:</p> <ul style="list-style-type: none">• Analysing the population of financial instruments held at fair value through profit and loss to identify those that had a heightened risk of material misstatement; and• Engaging our valuation experts to revalue a sample of instruments using our own models and pricing information from independent sources where possible. For samples where we utilised management's inputs to revalue the instruments, we assessed the reasonableness of the inputs used.• We reperformed management's IPV process by developing an independent range of estimates to compare to management's IPV valuation uncertainty range ('VUR') for a sample of positions. <p>We concluded the valuation of Level 3 Loans is materially within an acceptable range of reasonable estimates.</p>

Impairment allowance for expected credit losses of loans and advances to customers including guarantees and commitments (IFRS 9)

Refer to Note 2.14 'Impairment of financial assets' within Note 2 'Material accounting policies', Note 3 (a) 'Impairment of financial instruments' within Note 3 'Critical accounting estimates and judgements', Note 14 'Provision for loan loss', and Note 41 b. 'Credit risk' within Note 41 'Risk management'.

In accordance with IFRS 9, the Company recognises expected credit losses ('ECL') for instruments classified at amortised cost. These include loans and advances to customers, including related guarantees and commitments.

On 31 December 2025, there was an impairment allowance of \$292 million booked in the financial statements on loans and advances to customers, including related guarantees and commitments. This was made up of \$225 million model-driven ECL, and \$70 million judgemental overlays.

The estimation of expected credit losses is a complex process requiring the use of judgement and estimates. The process involves the development of statistical models in line with IFRS 9 requirements and the determination of when there has been a significant increase in credit risk.

We determined this to be a key audit matter due to the greater level of judgement required by management in the following two areas:

1. The consideration and selection of appropriate macroeconomic scenarios ('forward looking information') and their associated probability weightings, which is a key area of estimation and driver of the overall ECL.
2. Adjustments to the model-driven ECL results are recognised to address known impairment model or data limitations and/or emerging or non-modelled risks. These are described as qualitative reserves or judgemental overlays and these adjustments are by their nature inherently uncertain and highly judgemental.

Controls

- We gained an understanding of the overall impairment process, including key controls, the impairment models used and underlying assumptions; and
- We evaluated the design and tested the operating effectiveness of key controls across the processes relevant to the ECL, including those relating to the key judgements and estimates.

Forward looking information

- We considered the reasonableness of management's development, selection and weighting of macroeconomic scenarios. We challenged and assessed the reasonableness of the significant assumptions underpinning management's economic scenarios which we determined to be unemployment, GDP, and EU developed market high yield spreads by comparing them to independent and observable economic forecasts, leveraging a number of external data points. We evaluated the overall impact of the macroeconomic factors on the ECL. This assessment considered the sensitivity of ECL to variations in the severity and probability weighting of the economic forecasts.

Qualitative Reserve

- We evaluated the conceptual soundness of the significant qualitative reserves ('reserve') by critically assessing management's rationale and methodology, including the limitation and /or risk that the reserve is seeking to address. We inspected the reserve calculation methodology and tested, on a sample basis, the completeness and accuracy of key data inputs into the calculation. We challenged the overall completeness and reasonableness of the reserve.

Conceptual Soundness

- We performed a risk assessment on the models involved in the ECL calculation to determine the models to test and the nature of the testing required in the respect of the models. We involved credit modelling specialists to assist us in considering the conceptual soundness of the models by testing the assumptions, inputs and model formulae;
- We assessed relevant model validation and monitoring that occurred during the period and considered the potential impacts arising from the results of this testing; and
- We reperformed model calculations on a sample basis.

How our audit addressed the key audit matter

Significant increase in credit risk ('SICR')

- We assessed the SICR triggers determined by management for appropriateness and completeness and we re-performed key aspects of the staging calculation.
- For selected performing loans, we critically assessed, by reference to the underlying documentation and through inquiries with management, whether the trigger for credit impaired classification has occurred.

Overall standback

- We performed an overall assessment of ECL provision levels by IFRS 9 stage to determine if they were reasonable by considering the overall credit quality of the portfolios, risk profile, credit risk management practices and the macroeconomic environment by considering trends in the economy and sectors to which the Company is exposed. We performed peer benchmarking where available to assess overall staging and provision coverage levels.

Disclosure

- We assessed the appropriateness of the disclosures and accounting policies in the financial statements.

Based on the evidence obtained from the above listed procedures, we consider the estimation of the expected credit losses under IFRS 9 is within an acceptable range of reasonable estimates.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

The Company is structured along two operating segments, Global Banking and Global Markets and has eleven branches in Europe. The Company's operations are supported by shared service centres in Ireland and the UK. We established an end to end understanding of the principal processes that support material balances, classes of transactions and disclosures with the Company's financial statements. We then determined the type of work that needed to be performed by us, or by other [PwC network firms] operating under our instruction. This reflects that certain operational processes which are critical to financial reporting are undertaken outside Ireland. [The most significant overseas territory is the UK.]

In establishing the overall approach to the audit, we determined the type of work that needed to be performed on each financial statement line item by us or by other [PwC network firms]. Where the work was performed by other [PwC network firms], we determined the level of involvement we needed to have in their audit work to be able to conclude whether sufficient audit evidence had been obtained as a basis for our opinion on the financial statements as a whole.

The nature, timing and extent of the work impacting the audit opinion was determined and monitored in Ireland. Where work was performed by other [PwC network firms], our involvement in that work included meetings between the component auditors and senior members of the engagement teams, review of the results of their audit procedures including the nature, timing and extent of the work impacting our audit opinion and frequent communications by the engagement team to corroborate that our audit plan was appropriately executed.



Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	\$160 million.
How we determined it	Circa 1% of net assets.
Rationale for benchmark applied	Being a regulated bank and subsidiary of a large financial institution, the use of net assets is considered appropriate as is the key area of focus of management and users of the financial statements.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to \$120 million.

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above \$8 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- Obtaining management's going concern assessment for the going concern period of 12 months from the date on which the financial statements are authorised for issue ('period of assessment');
- Performing a risk assessment to identify factors that could impact the going concern assessment;
- Considering the Company's Financial plan and forecast capital position approved by the Board in March 2026. In this evaluation we considered the Company's financial position, historical performance and regulatory capital requirements for the period of the assessment.
- Obtaining an understanding of the Company's liquidity as set out in Note 41; and
- Evaluating the Company's forecast position over the period of the going concern assessment.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.



Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the "Non Financial Statement" and the sustainability reporting required by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland) and the Companies Act 2014 require us to also report certain opinions and matters as described below:

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the "Non Financial Statement" and the sustainability reporting on which we are not required to report) for the year ended 31 December 2025 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report (excluding the information included in the "Non Financial Statement" and the sustainability reporting on which we are not required to report).

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page [1], the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of banking laws and regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to the potential for management bias through judgement and assumptions in significant accounting estimates and manual journal entries being recorded in order to affect performance.

Audit procedures performed by the engagement team included:

- Enquiries of management including the Chief Risk Officer, the Head of Compliance, Head of Internal audit and those charged with governance as to any known or suspected instances of non-compliance with laws and regulations or fraud in relation to the financial statements;
- Inspection of board minutes;
- Inspection of selected regulatory correspondence;
- Challenging assumptions and judgements made by management in their significant accounting estimates;
- Incorporating an element of unpredictability into the nature, timing and/or extent of our testing; and
- Applying risk-based criteria to journal entries posted in the audit period to determine journal entries for testing purposes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: https://iaasa.ie/wp-content/uploads/docs/media/IAASA/Documents/audit-standards/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.
- The financial statements are in agreement with the accounting records.



Other exception reporting

Directors' remuneration and transactions

Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement

We are required to report if the company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the directors on 29 May 2025 to audit the financial statements for the year ended 31 December 2025 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

A handwritten signature in black ink that reads 'Fidelma Boyce'.

Fidelma Boyce
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
13 March 2026

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Note	2025 \$M	2024 \$M
Interest receivable and similar income		2,977	3,497
Interest payable and similar charges		(1,965)	(2,264)
NET INTEREST INCOME	4	1,012	1,233
Fee and commission income		678	518
Fee and commission expense		(24)	(50)
NET FEE AND COMMISSION INCOME	5	654	468
Net trading income	6	483	273
Net gains from other financial instruments at fair value through profit or loss	6	214	183
Other operating income	7	954	1,104
TOTAL OPERATING INCOME		3,317	3,261
Staff costs	8	(713)	(623)
Depreciation and amortisation	22,23	(36)	(34)
Other operating expense	9	(869)	(753)
Impairment charge for credit losses	14	(72)	(90)
TOTAL OPERATING EXPENSES		(1,690)	(1,500)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		1,627	1,761
Tax on profit on ordinary activities	13	(347)	(432)
PROFIT FOR THE FINANCIAL YEAR		1,280	1,329

During the year, there were no discontinued operations.

The notes on pages [74](#) to [170](#) form part of these financial statements.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025**

	2025	2024
	\$M	\$M
Profit for the financial year	1,280	1,329
Other comprehensive income/ (expense):		
Items that will be reclassified to profit or loss:		
Currency translation differences	80	(37)
Movement in fair value of debt instruments at FVOCI	1	(1)
Items that will not be reclassified to profit or loss:		
Remeasurement of defined benefits obligation (note 34)	14	1
Movement of deferred tax relating to pension deficit	(3)	—
	92	(37)
Total comprehensive income for the financial year	1,372	1,292

The notes on pages [74](#) to [170](#) form part of these financial statements.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

	Note	2025 \$M	2024 \$M
ASSETS			
Cash held at central banks	15	23,923	23,077
Reverse repurchase agreements	16	24,817	12,638
Trading assets	17	1,555	1,525
Derivative financial instruments	42	4,750	2,931
Market and other receivables	18	1,994	2,056
Loans and advances to banks	19	9,782	8,444
Loans and advances to customers	20	35,715	32,278
Investment securities	21	2,391	2,207
Current tax receivable	13	57	22
Tangible fixed assets	22	39	42
Right-of-use assets	23	82	77
Deferred tax assets	24	102	84
Other assets	25	84	73
TOTAL ASSETS		105,291	85,454
LIABILITIES			
Deposits by banks	26	26,694	15,743
Deposits by customers	27	50,622	46,008
Repurchase agreements	28	144	128
Market and other payables	29	1,622	1,565
Debt securities	30	1,228	1,176
Derivative financial instruments	42	5,898	3,809
Financial liabilities designated at fair value	42	808	238
Other liabilities	31	407	328
Accruals	32	177	152
Provisions for liabilities and commitments	33	171	132
Current tax payable	13	28	63
Retirement benefit obligations	34	93	85
TOTAL LIABILITIES		87,892	69,427
CAPITAL AND RESERVES			
Issued share capital	35	32	32
Share premium account	36	9,061	9,061
Other reserves	36	119	38
Profit and loss account		8,187	6,896
TOTAL EQUITY		17,399	16,027
TOTAL LIABILITIES AND EQUITY		105,291	85,454

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2025**

The financial statements were approved and authorised for issue by the Board on 13 March 2026.



A. Jancic
Director



J.H.R. Lee
Director



P.M. Donofrio
Director



S. McGuinness
for and behalf of Merrill
Lynch Corporate Services
Limited
Company Secretary

The notes on pages 74 to 170 form part of these financial statements.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025**

	Called up share capital \$M	Share premium account \$M	Other reserves \$M	Profit and loss account \$M	Total equity \$M
At 1 January 2025	32	9,061	38	6,896	16,027
Comprehensive income for the year					
Profit for the year	—	—	—	1,280	1,280
Other Comprehensive income for the year					
Currency translation differences	—	—	80	—	80
Movement in fair value of debt securities at FVOCI	—	—	1	—	1
Actuarial gain relating to retirement schemes (net of deferred tax)	—	—	—	11	11
Total comprehensive income for the year	—	—	81	1,291	1,372
Group share based payment costs recharged	—	—	—	(90)	(90)
Group share based payment costs	—	—	—	90	90
At 31 December 2025	32	9,061	119	8,187	17,399

The notes on pages [74](#) to [170](#) form part of these financial statements.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2024**

	Called up share capital \$M	Share premium account \$M	Other reserves \$M	Profit and loss account \$M	Total equity \$M
At 1 January 2024	32	9,061	76	5,562	14,731
Comprehensive income for the year					
Profit for the year	—	—	—	1,329	1,329
Other Comprehensive income/(expense) for the year					
Currency translation differences	—	—	(37)	—	(37)
Movement in fair value of debt securities at FVOCI	—	—	(1)	—	(1)
Actuarial gain relating to retirement schemes (net of deferred tax)	—	—	—	1	1
Total comprehensive income for the year	—	—	(38)	1,330	1,292
Group share based payment costs recharged	—	—	—	(85)	(85)
Group share based payment costs	—	—	—	89	89
At 31 December 2024	<u>32</u>	<u>9,061</u>	<u>38</u>	<u>6,896</u>	<u>16,027</u>

The notes on pages [74](#) to [170](#) form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. CORPORATE INFORMATION

The Company is a designated activity company and is incorporated and domiciled in the Republic of Ireland, with branches in the UK, Belgium, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Spain, Sweden and Switzerland, in addition to its Irish Head Office. The Company is a subsidiary of BANA, incorporated in Delaware, and of its ultimate parent, Bank of America Corporation (BAC), incorporated under the laws of the State of Delaware in the United States of America.

The Company is an authorised credit institution in the Republic of Ireland, operating under the regulatory supervision of both the CBI and ECB. The Company provides a range of financial services and forms part of BAC Group's Global Banking and Global Markets operations in the Europe, Middle East and Africa ("EMEA") region. Clients principally include large multinational groups, financial institutions, governments and government entities. The Company has the ability to conduct business with international clients and to trade throughout the European Economic Area ("EEA") and other key markets within the EMEA region.

As well as providing financial services, during the year the Company also provided support services to other companies in the BAC Group in the EMEA region. Services provided include information technology ("IT") and operations support, administration and human resources ("HR") support and real estate services.

The parent company of the largest and smallest group into which the Company's financial statements are prepared is BAC. Copies of BAC's consolidated financial statements can be obtained from either of the following website locations: <http://investor.bankofamerica.com> or www.sec.gov/.

The financial statements have been prepared in accordance with Irish Generally Accepted Accounting Practice in Ireland, including Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and Irish law.

FRS 101 sets out the disclosure exemptions for the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards that have been adopted in the EU ("EU-adopted IFRS"). References to accounting standards in these financial statements will accordingly relate to applicable International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as adopted by the EU.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are material to the financial statements are disclosed in note 3.

Basis of measurement

The financial statements have been prepared on a historical cost basis, and in accordance with Companies Act 2014, modified to include the measurement of certain financial assets and liabilities at fair value, to the extent required or permitted.

The financial statements are presented in US dollars which is also the functional currency of the Company, and all values are rounded to the nearest million, except as otherwise indicated. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Going concern

In preparing the Company's financial statements, the Directors are required to assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and use of the going concern basis of accounting. The Directors have a reasonable expectation, based on current and anticipated future performance and the capital and liquidity position, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of the annual report and financial statements. The Directors are not aware of any material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern for at least that 12 month period. The financial statements have, therefore, been prepared on a going concern basis. Disclosures in respect of liquidity risk and capital management are set out in note 41.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

1. CORPORATE INFORMATION (CONTINUED)

These Financial statements have been approved and authorised for issue by the Board on 13 March 2026.

Disclosure exemptions

The Company has taken advantage of the following disclosure exemptions under FRS 101:

- The requirements of paragraphs 45(b) and 46-52 of IFRS 2 - Share-based Payment
- The requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers.
- The requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 of IAS 1
- The requirements of:
 - (i) paragraphs 1 to 44E, 44H(b)(ii) and 45 to 63 of IAS 7 Statement of Cash Flows; and
 - (ii) paragraphs 44F, 44G, 44H(a), 44H(b)(i), 44H(b)(iii) and 44H(c) of IAS 7
- The requirements of paragraphs 30 and 31 of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors;
- The requirements of paragraphs 17 and 18A of IAS 24 Related Party Disclosures

2. MATERIAL ACCOUNTING POLICIES

The principal accounting policies, which have been applied consistently throughout the current and prior year, are set out below.

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2025, however their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Standard issued but not yet effective

Proposed Amendments IFRS 9- Financial Instruments and IFRS 7- Financial Instrument Disclosures

Under the proposed amendments to IFRS 9 and IFRS 7, the IASB has issued further guidance when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date and guidance on assessing contingent cash flow features. These amendments to IFRS 9 and IFRS 7 shall apply retrospectively, and the Company does not expect it to have a material impact on its financial statements.

IFRS 18 Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 Presentation of Financial Statements.

IFRS 18 introduces new requirements for presentation within the statement of profit or loss, including specified totals and subtotals. The company has taken the exemption available under FRS 101 to not disclose the future impact of these new requirements.

Comparative information

The Company has made changes to presentation in the Statement of Financial Position and certain notes to the Financial Statements to enhance the disclosures and transparency. The related comparatives for 2024 have also been re-presented to enhance transparency of the disclosures. These changes are as follows:

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Fee and commission receivables have been moved from "Other Assets" (Note 25) to "Market and Other Receivables."(Note 18);
- Amounts owed by / to group undertakings have been moved from "Other Assets" (Note 25) / "Other liabilities" (Note 31) to "Market and Other Receivables" (Note 18) and "Market and Other Payables"(Note 29);
- "Current tax receivable / payable" and the "Provision for Loan loss" on financial guarantees and commitments (now within "Provisions for liabilities and commitments") have been moved from "Other Assets" (Note 25) / "Other liabilities" (Note 31) to individual financial statement line items on the Statement of Financial Position;
- Note 6 - Mark-to-market on CDSs were reclassified this year to "Net trading income" from the prior year's presentation under "Net gains from other financial instruments at fair value through profit or loss".
- Note 13 - Taxation on Profit on Ordinary Activities: Prior year presentation has been updated to present prior-year tax adjustments separately from current tax charges. The change has been made to enhance the clarity and consistency of the tax disclosure.
- Note 14 - Provision for Loan Loss: Purchase or Originated Credit Impaired (POCI) positions are separately shown within the movement tables;
- Note 41 - Risk Management - Credit Risk disclosures: updated the credit quality analysis for those exposures at amortised cost only;

2.2 FOREIGN CURRENCIES

a. Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies into the functional currency using the exchange rates prevailing at the reporting date are generally recognised under Net trading income in the income statement.

For debt securities measured at fair value through other comprehensive income (FVOCI), foreign exchange gains and losses which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost.

Exchange gains and losses on financial assets and liabilities held at Fair Value through Profit or Loss ("FVPL") are recognised under Net trading income in the income statement as part of the fair value gain or loss.

Non-monetary assets and liabilities in a foreign currency that are not measured at fair value are not subsequently re-translated for movements in prevailing exchange rates.

b. Branches

The results and financial position of branches that have a functional currency different from US dollars are translated as follows:

- during the year, income and expenses that are not in the functional currency of the branch are translated in the P&L of the branch at the exchange rate at the date of the transaction, into the reporting currency of the branch;

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- at the end of the reporting year, assets and liabilities on the statement of financial position in the branch are translated at the exchange rate prevailing at the reporting date into the reporting currency of the head office; and
- resulting translation differences are recognised in the statement of other comprehensive income.

2.3 INTEREST INCOME AND EXPENSE

a. Amortised cost and effective interest rate (EIR)

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition less the principal repayments, plus or minus the cumulative amortisation using the EIR method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The EIR is the rate that exactly discounts estimated future cash receipts or payments through the expected life of the financial asset or financial liability to the gross carrying amount of a financial asset (that is to say, the amortised cost before any impairment allowance) or to the amortised cost of a financial liability.

When calculating the EIR for financial instruments, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider expected credit losses.

The calculation of the EIR includes all amounts received or paid by the Company that are an integral part of the overall return, direct incremental transaction costs related to the acquisition or issue of a financial instrument, and all other premiums and discounts.

b. Calculation of interest income and expense

Interest income and expense for all financial instruments measured at amortised cost or FVOCI are recognised on an accrual basis using the EIR method.

The EIR is applied to the gross carrying amount of the financial asset (for non-credit impaired assets) or to the amortised cost of the liability.

Interest income and expense on all trading assets and liabilities, and other financial instruments measured at FVPL, are recognised using the contractual interest rate in net trading income and net income from other financial instruments at FVPL, respectively.

c. Presentation

Interest income presented in the Income statement includes:

- Interest on financial assets measured at amortised cost
- Interest on debt instruments measured at FVOCI
- Interest on Finance lease receivable

Interest expense presented in the Income Statement includes:

- Interest on financial liabilities at amortised cost
- Interest expense on lease liabilities

Interest income and expense on all:

- Trading assets and liabilities (note 2.18 below) are presented in Net trading income; and
- Other financial assets and liability at FVPL are presented in Net income from other financial instruments at FVPL.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.4 FEE AND COMMISSION INCOME

a) Investment banking fees

Investment banking fees includes underwriting, financial advisory services, and syndication fees income. The Company accounts for revenues from contracts with customers under IFRS 15. Syndication fees income represent fees earned as the agent or lead lender, responsible for structuring, arranging and administering a loan syndication. Revenue is typically recognised once the transaction is completed and all services have been rendered and the Company has retained no part of the loan package for itself or has retained a part at the same EIR as the other participants.

Financial advisory services consist of fees earned for assisting customers with transactions related to mergers and acquisitions and financial restructuring. Revenue varies depending on the size of the transaction and scope of services performed for each contract and is generally contingent on successful execution of the transaction. Revenue is typically recognised once the transaction is completed and all services have been rendered. Additionally, the Company may earn a fixed fee in merger and acquisition transactions to provide a fairness opinion, with the fees recognised when the opinion is delivered to the customer.

The Company applied the practical expedient under IFRS 15 and did not disclose the value of any open performance obligations at December 31, 2025, as its contracts with customers generally have a fixed term that is less than one year, an open term with a cancellation period that is less than one year, or provisions that allow the Company to recognise revenue at the amount it has the right to invoice.

b) Card income

Card income includes annual, late and over-limit fees as well as interchange, cash advances and other miscellaneous items from credit and debit card transactions and from processing card transactions for merchants. Interchange fees are recognised upon settlement of the credit and debit card payment transactions and are generally determined on a percentage basis for credit cards and fixed rates for debit cards based on the corresponding payment network's rates. Substantially all card fees are recognised at the transaction date.

c) Service charges

Service charges include deposit and lending-related fees. Deposit-related fees consist of fees earned on commercial deposit activities and are generally recognised when the transactions occur or as the service is performed. Commercial deposit-related fees are from the Corporation's Global Payments and Solutions business and consist of commercial deposit and treasury management services, including account maintenance, foreign draft fees and other services, such as payroll, sweep account and other cash management services.

Lending-related fees generally represent transactional fees earned from certain loan commitments and financial guarantees. Fees earned from loan commitments are generally deferred and recognised over the life of the facility, where it is not considered probable that there will be a resultant loan by the Company. In relation to a loan commitment issued where a fee is charged and received on a retrospective basis based on the amount of unused available credit, the fee is recognised as and when the amount is earned over time.

2.5 NET TRADING INCOME

Net trading income includes profits and losses arising on both the purchase and sale of trading instruments and from their revaluation to fair value. Interest and dividend income earned from these instruments are also presented within net trading income. Net trading income includes gains and losses on derivatives used in the trading businesses as well as derivatives held for the purpose of hedging foreign currency exposure and any related exchange differences on the Company's foreign currency instruments.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.6 NET GAINS/ (LOSSES) FROM OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

Net gains/losses from other financial instruments at FVPL relates to financial assets and financial liabilities designated as at FVPL, non-trading assets and liabilities measured mandatorily at FVPL and certain derivative instruments used to manage credit risk relating to these assets and liabilities. The net income includes fair value changes, interest and dividends.

2.7 SERVICE FEE INCOME

Service fee income consists of charges made to affiliates to remunerate the Company for services provided or to reimburse the Company for expenditure incurred. Service fee income is recognised on an accruals basis when the transactions occurred or as the service is provided, and is recorded within other operating income.

2.8 INCOME TAX

The income tax expense comprises both current and deferred tax and is recognised in the income statement, except to the extent that it relates to items recognised directly in equity or in OCI. Pursuant to a temporary mandatory exemption from deferred tax accounting for the effects of the Pillar two top-up tax. Instead, any top-up tax incurred is recognised as a current tax expense in the period in which the liability arises.

(a) Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if necessary criteria are met.

(b) Deferred tax

Deferred tax is recognised for temporary differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases, in accordance with IAS 12 Income Taxes.

Deferred tax assets are recognised for deductible temporary differences, unused tax losses, and unused tax credits, to the extent that it is probable that future taxable profits will be available against which these can be utilised. The assessment of future taxable profits is primarily based on the expected reversal of taxable temporary differences. Where these are insufficient to support full recognition, additional taxable profits are considered, adjusted for the reversal of existing temporary differences, and based on the Company's approved business plans.

Deferred tax assets that have not been recognised are reassessed at each reporting date and recognised when it becomes probable that sufficient future taxable profits will be available. Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and are expected to apply when the temporary differences reverse. Measurement reflects any uncertainty related to income tax where applicable.

Deferred tax assets and liabilities are offset only if necessary criteria are met.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.9 FINANCIAL ASSETS AND LIABILITIES - INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. In particular:

- Loans and advances to banks or customers are recognised when funds are transferred to their accounts.
- Deposits from banks or customers are recognised when funds are transferred to the Company.
- Regular way trades (i.e. purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place) are recognised on trade-date (i.e. the date on which the Company commits to purchase or sell the assets).
- Derivatives are recognised at their fair value on trade-date.
- Undrawn Loan Commitments: As the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn down and the cash flows that the Company expects to receive; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Company expects to recover.

On initial recognition, financial assets and liabilities at FVPL are initially measured at their fair value, with transaction costs recognised under Other expenses in the Statement of profit or loss. The initial measurement of other financial instruments is based on their fair value, but adjusted in respect of any transaction costs that are incremental and directly attributable to the acquisition or issue of the financial instrument. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

2.10 RECOGNITION OF DAY ONE PROFIT OR LOSS

The transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value, in Net trading income or Net income from other financial instruments at FVPL, as appropriate. For Level 3 financial instruments and certain Level 2 instruments with less observable inputs (see Note 42 Fair Value Disclosures), the difference between the transaction price and the fair value, commonly referred to as "Day 1 profit or loss" is deferred until the instrument's fair value can be determined using market observable inputs or the instrument is disposed or settled.

2.11 FINANCIAL ASSETS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The Company classifies its financial assets as measured at: amortised cost, FVOCI or FVPL.

A financial asset is classified as measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (the "SPPI test").

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

A debt instrument is classified as measured at FVOCI only if it meets both of the following conditions and is not designated as at FVPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in FVOCI. This election is made on an investment-by-investment basis. The Company has not taken this election for its equity investments.

Where required, for financial assets that are credit-impaired at initial recognition, a credit-adjusted EIR is calculated using estimated future cash flows including expected credit losses.

All other financial assets, including Trading assets and Derivatives, are classified as measured at FVPL.

In addition, on initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI to instead be measured at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model

The business model reflects how the Company manages the assets in order to generate cash flows. That is, whether the Company's objective is solely to collect the contractual cash flows from the assets or is to collect both the contractual cash flows and cash flows arising from the sale of assets. If neither of these is applicable (e.g. financial assets are held for trading purposes, are held to maximise cash flows through sale, or are managed on a fair value basis), then the financial assets are classified as part of an 'other' business model and are measured at FVPL. Factors considered by the Company in determining the business model for a group of assets include:

- Past experience on how the cash flows for the assets were collected;
- How the asset's performance is evaluated and reported to key management personnel;
- How risks are assessed and managed; and
- How managers are compensated.

Solely payments of principal and interest (SPPI)

In assessing whether the contractual cash flows are SPPI, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains contractual terms that could change the timing or amount of contractual cash flows such that it would not meet the SPPI criteria. Such an assessment would consider, for example, the impact of any of the following features:

- Contingent events that could change the amount and/or timing of cash flows;
- Leverage features that could change the economic characteristics of principal and interest cash flows introducing volatility inconsistent with a basic lending arrangement;
- Prepayment features, to determine whether the amount due on early repayment substantially represents unpaid amounts of principal and accrued interest which may include reasonable compensation for the early termination of the contract; and
- Terms that limit the Company's claim to cash flows from specified assets - for example, through non-recourse or limited recourse arrangements, in a way that is inconsistent with a basic lending arrangement.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Company changes its business model for managing financial assets.

Derecognition of financial assets:

The Company derecognises a financial asset when:

- The contractual rights to the cash flows from the asset expire.
- It transfers the right to receive contractual cash flows in a transaction in which:
- substantially all the risks and rewards of ownership of the asset are transferred or
- the Company neither transfers nor retains substantially all the risks and rewards of ownership and it does not retain control of the asset.
- There is a substantial modification to the cash flows of the asset

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of the consideration received and any cumulative gain that had been recognised in OCI is recognised in Income Statement.

Derecognition due to transfer

When a transfer of a financial asset by or to the Company does not result in derecognition from the perspective of the transferor, the transferred asset is not derecognised from or recognised on the Company's Statement of financial position with any cash consideration received or paid is recognised as secured borrowing or lending. Example of such transactions are securities financing transactions as explained in note 2.15.

When an asset is sold to a third party or the Company with a concurrent Total return swap (TRS) on the transferred asset, the transaction is accounted for as a secured borrowing or lending because the transferor retains all or substantially all of the risks and rewards of ownership of the asset. As appropriate, the secured borrowing is presented within Trading liabilities, Financial liabilities designated at FVPL or Borrowings and the secured lending is presented within Trading assets, Financial assets at fair value or Loans and advances to banks/ customers.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Derecognition due to modification

If the terms of a financial asset carried at amortised cost or FVOCI are modified, the Company evaluates whether the cash flows of the modified asset are substantially different based on qualitative and/or quantitative factors, as appropriate. If the cash flows are:

- Substantially different, the original financial asset is derecognised, and a new financial asset is recognised at fair value plus any eligible transactions, with any difference between the two amounts recognised in the Income Statement as a gain or loss on derecognition under Net gains on derecognition of financial assets measured at amortised cost or Other income, as appropriate in the Income Statement.
- For impairment measurement, the date of modification is considered to be the date of initial recognition of the new financial asset when assessing whether the credit risk has increased significantly since initial recognition as well as whether the new financial asset is a Purchased or originated credit-impaired (POCI) asset e.g. when there is a substantial modification of a distressed asset.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- Not substantially different, the gross carrying amount of the financial asset is recalculated as the present value of the modified contractual cash flows that are discounted at the financial asset's original EIR (or credit-adjusted EIR for POCI assets). Any difference between the recalculated amount and the existing gross carrying amount is recognised as a modification gain or loss in profit or loss as Interest income (or presented together with impairment loss when the modification is carried out because of financial difficulties of the borrower).

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the Statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 FINANCIAL LIABILITIES - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

All financial liabilities at amortised cost are classified and subsequently measured at amortised cost, except for:

Financial liabilities measured at FVPL which include:

- Trading liabilities,
- Derivatives, and
- Other financial liabilities designated as FVPL
- Certain Financial guarantee and loan commitments (Refer Note 37).

Financial liabilities (including certain loan commitment) are designated at FVPL only upon initial recognition when one of the following criteria are met:

- The liabilities are part of a group of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy
- The designation eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Derecognition of financial liabilities

The Company derecognises a financial liability when:

- its contractual obligations are discharged, cancelled, or expire, or
- its terms are modified, and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and the consideration paid is recognised under Other income in the Income Statement.

If the modification of a financial liability is not accounted for as derecognition, the amortised cost of the liability is recalculated by discounting the modified cash flows at the original EIR and the resulting gain or loss is recognised in Other income. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the EIR on the instrument.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.13 FAIR VALUE MEASUREMENT

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. When determining the fair values of its financial instruments, the Company is required to maximise the use of observable inputs and minimise the use of unobservable inputs. The Company categorises its financial instruments into three levels based on the established fair value hierarchy:

- Level 1 - Unadjusted quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities and derivative contracts that are traded in an active exchange market, as well as certain securities that are highly liquid and actively traded in over the counter (OTC) markets.
- Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Level 2 assets and liabilities include debt securities with quoted prices that are traded less frequently than exchange-traded instruments and derivative contracts where fair value is determined using a pricing model with inputs that are observable in the market or can be derived principally from or corroborated by observable market data. This category generally includes reverse repurchase agreements, investment securities, derivative contracts and certain loans.
- Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the overall fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments for which the determination of fair value requires significant management judgment or estimation. The fair value for such assets and liabilities is generally determined using pricing models, discounted cash flow methodologies or similar techniques that incorporate the assumptions a market participant would use in pricing the asset or liability. This category generally includes, trading assets, derivatives contracts and certain loans where independent pricing information cannot be obtained for a significant portion of the underlying assets.

The Company conducts a review of fair value hierarchy classifications on a quarterly basis, where the transfers between levels of the fair value hierarchy are deemed to occur at the end of the review year. Transfers into or out of fair value hierarchy classifications are made if the significant inputs used in financial models measuring the fair values of the assets and liabilities become unobservable or observable, respectively, in the current marketplace, or when previously insignificant unobservable and observable inputs become significant, respectively.

The Company makes use of the portfolio exception and manages certain portfolios of financial instruments (e.g., OTC derivatives and certain structured liabilities) on the basis of net open risk exposure and has elected to estimate the fair value of such portfolios based on the net open risk exposure at the measurement date. Where this is the case, valuation adjustments (e.g., bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure) may be necessary to reflect the cost of exiting a larger-than-normal market-size net open risk

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 IMPAIRMENT OF FINANCIAL ASSETS

The Company recognises loss allowances for expected credit loss ("ECL") on the following financial instruments that are not measured at FVPL:

- Financial assets that are debt instruments;
- Lease receivables;
- Financial guarantee contracts issued; and
- Loan commitments issued.

The Company measures loss allowances at an amount equal to lifetime ECL, except for the following, for which they are measured as 12-month ECL:

- Debt investment securities that are determined to have low credit risk at the reporting date; and
- Other financial instruments on which credit risk has not increased significantly since initial recognition.

The Company considers a debt investment security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of "investment grade". The Company does not apply the low credit risk exemption to any other financial instruments. This practical expedient permits the Company to assume, without more detailed analysis, that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have 'low credit risk' at the reporting date.

12-month ECL is the portion of lifetime ECL that results from default events on a financial instrument that are possible within the 12 months after the reporting date. 12-month ECL (Stage 1), which applies to all financial instruments from initial recognition as long as there has been no significant increase in credit risk.

Lifetime ECL is the ECL that results from all possible default events over the expected life of the financial instrument or the maximum contractual period of exposure. Financial instruments for which lifetime ECL is recognised but that are not credit-impaired are referred to as "Stage 2 financial Instruments". Financial Instruments allocated to Stage 2 are those that have experienced a significant increase in credit risk but are not credit-impaired.

Financial instruments for which lifetime ECL is recognised and that are credit-impaired are referred to as "Stage 3 financial instruments".

Significant increase in credit risk

A Company's obligor has significantly increased credit risk if:

- The probability of default at the reporting period has moved significantly compared to the probability of default at inception. A relative and absolute comparison is used to measure the movement; or
- The obligor is past due more than 30 days on any material credit obligation(s) to the Company.

Definition of default

A Company's obligor is in default if:

- The Company determines that the obligor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising collateral (if held); or
- The obligor is past due more than 90 days on any material credit obligation(s) to the Company.

An obligor in default remains in default until the Company has reasonable assurance of repayment and performance for all contractual principal and interest payments on all exposures of the Company to the obligor (other than exposures that have been fully written off).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The definition of default is based upon definition that applied by the Company for regulatory capital purposes.

Measurement of ECL

The key inputs in the measurement of ECL are the following variables:

- Probability of default ("PD"): the likelihood of a borrower defaulting on its financial obligation;
- Loss given default ("LGD"): the magnitude of the likely loss if there is a default; and
- Exposure at default ("EAD"): the expected exposure in the event of a default.

The ECL is determined by projecting the PD, LGD and EAD for each future month and for each individual exposure. The Company generally derives these parameters from internally developed statistical models based on internally compiled data comprising quantitative and qualitative factors, as well as other historical data such as recovery rates of claims against defaulted counterparties.

ECLs are a probability-weighted estimate of credit losses, measured as follows:

- For financial assets that are not credit impaired (Stage 1 and 2) at the reporting date, the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- For financial assets that are credit impaired (Stage 3) at the reporting date, the difference between the gross carrying amount and the present value of estimated future cash flows;
- For undrawn loan commitments, the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn upon and the cash flows that the Company expects to receive; and
- For financial guarantee contracts, the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Definition of credit impaired

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt financial assets carried at FVOCI are credit impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred and/or meets the definition of default.

Evidence that a financial asset is credit-impaired includes the following observable data:

- Significant financial difficulty of the borrower or issuer;
- A breach of contract such as a default or past-due event;
- The restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- It is becoming probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for a security because of financial difficulties.

A loan that has been renegotiated due to a deterioration in the borrower's condition is usually considered to be credit impaired unless there is evidence that the risk of not receiving contractual cash flows has reduced significantly and there are no other indicators of impairment.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Presentation of allowance for ECL in the statement of financial position

Loss allowances for ECL are presented in the statement of financial position as follows:

- Financial assets measured at amortised cost: the loss allowance for ECL is presented as a deduction from the gross carrying amount of the assets.
- Loan commitments and financial guarantee contracts: The loss allowance on loan commitments and guarantees contracts (other than those at fair value through income statements) is presented as "Provisions for liabilities and commitments" within the statement of financial position;
- Debt instruments measured at FVOCI: The ECL does not reduce the carrying amount of these financial assets in the statement of financial position, which remains at fair value. Instead, an amount equal to the allowance that would arise if the assets were measured at amortised cost is recognised in OCI as an accumulated impairment amount, with a corresponding charge to Income Statement. The accumulated loss recognised in OCI is recycled to the profit and loss upon derecognition of the assets.

Write offs

Loans and debt securities are written off, either partially or in full, when there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write off.

Recoveries of amounts previously written off are recognised when cash is received and are included in Impairment charge for credit losses in the Income Statement.

Financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Any write off and recoveries are recognised as a reduction (or increase) in the ECL allowance.

Financial guarantee contract held

A financial guarantee contract held is included in the measurement of ECL of a financial asset when either the guarantee is specified in the contractual terms of the financial asset or is integral to the financial asset, in that the guarantee will form part of the basis on which the financial asset was originated or acquired. Otherwise, the guarantee held is accounted as a separate unit of account subject to ECL.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.15 SECURITIES FINANCING TRANSACTIONS

(a) Repurchase and reverse repurchase agreements

Securities sold under agreements to repurchase at a specified future date ("Repurchase agreements") are not derecognised from the Statement of financial position as the Company retains substantially all of the risks and rewards of ownership. The corresponding cash received is recognised in the Statement of financial position as an asset with a corresponding obligation to return it (excluding accrued interest, which is recognised under Trade and other receivable or payable, as appropriate) as a liability within Securities sold under agreements to repurchase, reflecting the transaction's economic substance as a loan to the Company. When the counterparty has the right to sell or re-pledge the securities, the Company presents separately those securities in its Statement of financial position to indicate that they are pledged as collateral.

Conversely, securities purchased under agreements to resell at a specified future date ("Reverse repurchase agreements") are not recognised in the Statement of financial position. The consideration paid, (excluding accrued interest which is recognised under Trade and other receivable or payable, as appropriate), is recorded in the Statement of financial position, within Securities purchased under agreements to resell, reflecting the transaction's economic substance as a loan by the Company.

(b) Securities lending and borrowing

Securities lending and borrowing transactions are usually collateralised by securities, cash or letters of credit. The transfer of the securities to or from counterparties is only reflected on the Statement of financial position if the risks and rewards of ownership are also transferred. When the risks and rewards of ownership have not been transferred, any cash advanced or received as collateral is respectively recorded as Securities borrowed or Securities loaned in the Statement of financial position.

Securities financing transactions are measured at amortised cost, unless they are managed on a fair value basis, in which case, any cash transferred as collateral for securities:

- borrowed or purchased sold under agreements to resell repurchase are classified under Financial assets mandatorily at FVPL
- lend or sold purchased under agreements to repurchase resell are classified under Financial liabilities designated at FVPL.

Any interest expense/ income relating to the transactions measured at FVPL is presented within Net income from other financial instruments at FVPL in the Income Statement.

If securities borrowed or purchased under an agreement to resell are subsequently:

- sold to third parties, the obligation to return the securities is recorded as a short sale within Trading liabilities and measured at fair value with any gains or losses included in Net trading income.
- Sold/lend to third parties under similar securities financing agreements, the corresponding sale proceeds or cash collateral received is accounted for in the same manner as described above.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.16 FINANCIAL GUARANTEE CONTRACTS AND LOAN COMMITMENTS ISSUED

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument.

Financial guarantees are initially recognised in the financial statements at fair value plus transaction costs on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the amount determined in accordance with the ECL model as detailed in note 2.14.

Loan commitments that the Company designates as financial liabilities at fair value through profit or loss are recognised as disclosed in note 2.12.

Other loan commitments provided by the Company are measured as the amount of the loss allowance (calculated in accordance with note 2.14) with any loss allowance recognised as Provisions for liabilities and commitments within statement of financial position. The Company has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.

2.17 CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown under "Deposits by Banks" within Liabilities in the statement of financial position.

2.18 TRADING ASSETS AND LIABILITIES

Trading assets and liabilities are those assets and liabilities that the Company acquires or incurs principally for the purpose of selling or repurchasing in the near term or holds as part of a portfolio that is managed together for short-term profit or position taking.

Trading assets and liabilities are initially recognised and subsequently measured at fair value in the statement of financial position, with transaction costs recognised in the Income Statement. All changes in fair value are recognised as part of net trading income in Income Statement.

Derivatives

Derivatives are entered into on behalf of customers, for trading or to support risk management activities. The Company manages interest rate and foreign currency exchange rate sensitivity predominantly through the use of derivatives. Derivatives utilised by the Company include swaps, futures and forward settlement contracts, and option contracts. All derivatives are recorded on the Company's Statement of financial position at fair value with changes recorded in Net trading income.

At their inception, derivatives often involve only an exchange of cash or other assets in the future, with little or no transfer of initial consideration. However, when there is a transfer of an initial consideration in cash for a contract which is not smaller that would be required for other types of contracts that would be expected to have a similar response to changes in market factors, the entire contract together with the initial consideration:

- paid is recognised within Trading asset; or
- received is recognised within Trading liabilities

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.19 INVESTMENT SECURITIES

Investment Securities includes:

- Equity investment securities mandatorily measured at FVPL or designated as at FVPL. These are at fair value with changes recognised in the Income Statement; and
- For debt securities measured at FVOCI, gains and losses are recognised in OCI, except for interest revenue under the EIR method, provision for credit losses and foreign exchange gains and losses which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. Upon derecognition of a debt investment at FVOCI, any cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised under Other income in the Statement of profit or loss.

2.20 TANGIBLE FIXED ASSETS

Tangible fixed assets are stated at cost less accumulated depreciation and any impairment loss (see note 2.22 below).

Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value under the straight-line method over their expected useful lives as follows and is recognised in profit or loss:

Leasehold improvements – 1 to 22 years
Office equipment – 1 to 15 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting year.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are recognised in Other income in the Income Statement.

2.21 LEASES

Lessor arrangements

When the Company acts as a lessor, it determines at lease inception whether the lease is a finance lease or an operating lease. To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company provides equipment financing to its customers through a variety of lessor arrangements. Finance leases are carried at the aggregate of lease payments receivable plus the estimated residual value of the leased property less unearned income, and are reported within loans and advances to customers. Income on finance leases is recorded in interest income using the EIR method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Lessee arrangements

For lessee arrangements, the Company records right-of-use assets separately in the statement of financial position, and lease liabilities in other liabilities, at lease commencement.

The Company made an accounting policy election not to separate lease and non-lease components of a contract that is or contains a lease for its real estate and equipment leases. As such, lease payments represent payments on both lease and non-lease components. At lease commencement, lease liabilities are recognised based on the present value of the remaining lease payments and discounted using the Company's incremental borrowing rate. Right-of-use assets initially equal the lease liability, adjusted for any lease payments made prior to lease commencement and for any lease incentives.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term, on a straight-line basis. Lease payments are allocated between principal and finance cost. The finance cost is charged to Income Statement over the lease period so as to produce a constant period rate of interest on the remaining balance of the liability for each period.

2.22 IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

2.23 EMPLOYEE BENEFITS

Short term employee benefit obligations

Liabilities for wages and salaries, including non-monetary benefits and annual leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled.

Post-employment obligations

The Company participates in defined benefit and defined contribution pension schemes in the Republic of Ireland and across Europe.

Defined contribution pensions

The Company operates defined contribution plans to which it pays contributions calculated as a percentage of each employee's plan salary based on their length of service. The Company has no further payment obligations once the contributions have been paid. The contributions are recognised as staff costs when they are due.

Defined benefit pensions

For its defined benefit schemes, the Company recognises a net asset or liability, being the difference between the present value of the defined benefit obligation at the end of the reporting period and the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds and that have terms to maturity approximating to the terms of the related pension obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in staff costs in the income statement.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in profit and loss in the statement of changes in equity and in the statement of financial position.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Income Statement as past service costs.

The income statement includes interest charged or credited on the defined benefit assets and liabilities, the impact of foreign currency revaluation and service costs. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Compensation and benefits expense in the income statement.

2.24 SHARE BASED PAYMENTS

BAC grants equity-based payment awards to employees of the Company under various incentive schemes.

For most awards, expense is generally recognised proportionately over the vesting period net of estimated forfeitures, unless the employee meets certain retirement eligibility criteria. For awards to employees that meet retirement eligibility criteria, the Company accrues the expense in the year prior to grant. For employees that become retirement eligible during the vesting period, the Company recognises expense from the grant date to the date on which the employee becomes retirement eligible, net of estimated forfeitures.

As this is a group share based payment arrangement, all awards are treated by the Company as equity settled share-based payment plans and are measured based on the fair value of those awards at grant date. The fair value determined at the grant date is expensed over the vesting period, based on the Company's estimate of the number of shares that will eventually vest.

The Company has entered into a chargeback agreement with BAC under which it is committed to pay BAC the market value at grant date as well as subsequent movements in fair value of those awards to BAC at the time of delivery to its employees. The share-based payment transaction and chargeback agreement creates a total charge to the Income Statement based on the grant date fair value of the awards adjusted for subsequent movements in the fair value of those awards prior to delivery.

The fair value determined at the grant date expensed over the vesting period is recognised under staff cost whereas the subsequent movement in the fair value prior to delivery is recorded in service fee income or service fee expense

2.25 PROVISION

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with FRS 101 requires the use of accounting estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. It also requires management to exercise judgement in the process of applying the Company's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

(a) Impairment of financial instruments

The Company's accounting policy for losses in relation to the impairment of financial instruments is described in note 2.14. The measurement of the expected credit loss allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and client behaviour. An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is provided in note 14, which also sets out the key sensitivities of the ECL to changes in these elements.

In applying the accounting requirements for calculating impairment, the Company has made significant estimates such as establishing the number, and relative weightings for forward looking scenarios used in the calculation and determining the need for, and an appropriate methodology for judgemental overlays.

As part of the staging assessment required under IFRS 9, the Company applies estimates in establishing criteria for determining whether the risk of default on a financial instrument has increased significantly since initial recognition, considering reasonable and supportable information that is relevant and available without undue cost or effort. Note 14 provides additional detail on the Company's approach to determining significant increase in credit risk.

(b) Valuation of financial instruments

The fair values of financial instruments that are not quoted in financial markets are determined by using valuation techniques based on models such as discounted cash flow models, option pricing models and other methods consistent with accepted economic methodologies for pricing financial instruments. These models incorporate observable, and in some cases unobservable inputs including security prices, interest rate yield curves, option volatility, currency, commodity or equity rates and correlations between these inputs.

Where models are used to determine fair values, they are periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflects actual data and comparative market prices. These estimation techniques are necessarily subjective in nature and involve several assumptions. See note 42 for further detail on the Company's approach to valuation of financial instruments.

Judgements

Classification of financial assets

The classification of financial assets is based on an assessment of the business model within which the assets are held. The Company follows the guidance of IFRS 9 in determining whether the contractual terms of the financial asset are solely payments of principal and interest on the principal amount outstanding. In some cases this determination requires significant judgement, for example: when grouping portfolios of assets managed under the same business model or when assessing the impact of contractual terms for contractually linked instruments.

In order to perform the business model assessment, the Company evaluates, among other factors, the strategy of the business and types of management information used to measure performance of the portfolio as well as information regarding sales from the portfolio. Contractual cash flow information is considered by reviewing transaction and structure documentation in conjunction with line of business experts to ensure that relevant terms are analysed. See accounting policy note 2.11 for further details regarding classification of financial assets.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

4. NET INTEREST INCOME

	2025	2024
	\$M	\$M
Cash held at central banks	494	636
Loans and advances to banks and customers	1,745	2,095
Debt instruments at FVOCI	82	108
Reverse repurchase agreements	581	577
Market and other receivables - cash collateral paid	75	81
	<u>2,977</u>	<u>3,497</u>
Interest receivable and similar income	2,977	3,497
Deposits by banks and customers	(1,932)	(2,247)
Repurchase agreements	(4)	(5)
Market and other payables - cash collateral received	(27)	(10)
Interest on lease liabilities	(2)	(2)
	<u>(1,965)</u>	<u>(2,264)</u>
Interest payable and similar charge	(1,965)	(2,264)
Net interest income	<u>1,012</u>	<u>1,233</u>

	2025	2024
	\$M	\$M
Amounts above include:		
Net interest expense due to affiliated companies	<u>(778)</u>	<u>(802)</u>

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

5. NET FEE AND COMMISSION INCOME

	2025 \$M	2024 \$M
Investment Banking Fees		
Financial advisory services	273	164
Loan syndication fees	136	88
	409	252
Card Income		
Other card income	58	46
Interchange fees income	6	35
	64	81
Service charges		
Loan commitment fees	101	89
Foreign draft fees	47	43
Other	57	53
	205	185
Total fee and commission income	678	518
Card expenses	(7)	(6)
Interchange fees expense	(8)	(33)
Other	(9)	(11)
	(24)	(50)
Fee and commission expense	(24)	(50)
Net fee and commission income	654	468

The net fee and commission income above includes income of \$517 million (2024: \$406 million) and expense of \$24 million (2024: \$50 million) relating to financial assets, liabilities and commitments not measured at FVPL. These figures exclude amounts incorporated in determining the EIR on such financial assets and financial liabilities i.e. upfront fee, which is included in Loans and Advances in Note 4 Net Interest Income above. The Company had no material contract assets or contract liabilities as of 31 December 2025 and 2024.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

6. NET GAINS FROM TRADING AND OTHER FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2025 \$M	2024 \$M
Net Trading income		
Net gains from financial instruments held for trading	483	273
Net gains/(losses) from other financial instruments		
Derivatives	—	—
Equity instruments	56	64
Loans and advances	138	116
Reverse repurchase agreements designated at FVPL	16	25
Undrawn loan commitments designated at FVPL	4	(22)
	214	183
	697	456

7. OTHER OPERATING INCOME

	2025 \$M	2024 \$M
Service fee income from affiliates	949	1,097
Other	5	7
	954	1,104
	954	1,104

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

8. STAFF COSTS

	2025	2024
	\$M	\$M
Wages and salaries	589	535
Social security costs	79	61
Defined benefit and defined contribution pension scheme costs (see note 34)	45	27
	713	623
	713	623

Included within wages and salaries are charges relating to share based compensation plans as determined in note 2.24, see note 12 for further details.

The average monthly number of employees, including the directors and contractors during the year was as follows:

	2025	2024
	No.	No.
Support, operations and technology	2,262	2,105
Trading, sales and advisory	445	444
	2,707	2,549
	2,707	2,549

9. OTHER OPERATING EXPENSE

	2025	2024
	\$M	\$M
Service fee expense from affiliates	637	543
Professional fees	59	39
Taxes	44	44
Regulatory fees and levies	27	32
Occupancy related expenses	22	23
Information processing and communications	22	22
Other	58	50
	869	753
	869	753

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

10. AUDITORS' REMUNERATION

The Company paid the following amounts (exclusive of VAT) to its Independent Auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2025	2024
	\$000	\$000
The audit of entity financial statements	2,190	1,462
Other assurance services	1,371	372
Tax advisory services	—	—
Other non-audit services	—	12
	<u>3,561</u>	<u>1,846</u>

The amounts in the table above includes fees payable of \$837k for other assurance services paid to Overseas PricewaterhouseCoopers offices

11. DIRECTORS' REMUNERATION

Of the directors that served during the year and up to the date of approval of this report, 11 (2024: 9) were remunerated by the Company and the amounts included below are those relating to their services as directors for the Company based on an estimated time allocation basis.

Out of total 11 directors, 8 (2024: 7) were non-executive directors during the year.

Retirement benefits are accruing to 6 directors (2024: 4) under the defined contribution pension scheme.

The directors had no beneficial interest in the shares of the Company that are required by the Companies Act 2014 to be recorded in the register of interests or disclosed in the directors' report.

	2025	2024
	\$'000	\$'000
Emoluments	5,674	5,226
Pension contributions	—	—
	<u>5,674</u>	<u>5,226</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

12. SHARE BASED PAYMENTS

BAC administers a number of equity compensation plans, with awards being granted predominantly from the Bank of America Corporation Equity Plan ("BACEP") (previously known as the Bank of America Corporation Key Employee Equity Plan ("KEEP")). Under this plan, shares of BAC's common stock are authorised to be used for grants of awards to the Company's employees.

During the year ended 31 December 2025, BAC granted restricted stock unit ("RSU") awards to certain employees of the Company under the BACEP, which will settle predominantly in shares of common stock of BAC. The four-year awards vest primarily in one-fourth increments on each of the first four anniversaries of the grant date while the three-year awards vest primarily in one-third increments on each of the first three anniversaries of the grant date, provided that the employee remains continuously employed with the Company during that time. The expense recognised is net of estimated forfeitures for non-retirement eligible employees based on the grant-date fair value of the shares. For the RSUs granted to employees who are retirement eligible, they are deemed authorised as of the beginning of the year preceding the grant date when the incentive award plans are generally approved. As a result, the estimated value is expensed ratably over the year preceding the grant date.

Certain awards contain clawback provisions which permit BAC to cancel all or a portion of the award under specified circumstances.

Recipients of RSU awards may receive cash payments equivalent to dividends. For awards that are not dividend-eligible, the fair value measurement of the award is decreased to reflect the expected value of the dividends that similar awards would be eligible to receive.

The total pre-tax compensation cost recognised in profit and loss for share-based compensation plans for the year ended 31 December 2025 was \$150m (2024:\$135m), including the incremental effects of the chargeback agreements with BAC.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

13. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	2025	2024
	\$M	\$M
Current tax		
Corporation Tax	94	74
Adjustment in respect of prior year	10	(9)
Foreign tax	285	346
Foreign tax adjustment in respect of prior year	(21)	28
Total current tax	368	439
Deferred tax		
Origination and reversal of timing differences (see note 24)	(21)	(7)
Total deferred tax	(21)	(7)
Total tax expense for the year	347	432

Factors affecting tax expense for the year

The table below shows the reconciliation between the actual tax expense/(benefit) and that which would result from applying the standard Irish corporation tax rate to the Company's profit before tax.

	2025	2025	2024	2024
	\$M	%	\$M	%
Profit before tax	1,627	100 %	1,761	100 %
Tax calculated at Irish tax rate applicable of 12.50%	203	12.5 %	220	12.5 %
Tax effects of:				
Expenses not deductible for tax purposes	1	0.1 %	—	— %
Impact of foreign taxes	123	7.6 %	184	10.3 %
Other temporary differences (unrecognised)	—	— %	1	0.1 %
Adjustments in respect of prior year	(1)	(0.1)%	17	1.0 %
Domestic minimum top-up tax	21	1.3 %	10	0.6 %
Total tax expense for the year	347	21.4 %	432	24.5 %

The effective tax rate for 2025 is 21.4% (2024: 24.6%).

International Tax Reform Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework, also known as the 'Pillar Two' rules. On 23 May 2023, the International Accounting Standards Board ("IASB") published International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The standard introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately. The Company continues to adopt the mandatory temporary exception.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

13. TAXATION ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Pillar Two legislation relating to Income Inclusion Rules ("IIR") and Qualified domestic minimum top-up tax ("QDMTT") was enacted in Ireland, the jurisdiction in which the Company is a tax resident, and has come into effect from 1 January 2024. Under the legislation, the Company is liable to pay its allocation of top-up tax for the difference between the BAC Group's Global Anti-Base Erosion ("GloBE") effective tax rate in Ireland (if below 15%) and the 15% minimum rate. For the year ended 31 December 2025, the Company has recognised a current tax expense of \$21 million (2024:\$10 million) related to this legislation.

Pillar Two Undertaxed Profits Rule ("UTPR") legislation was enacted in Ireland, the jurisdiction in which the Company is incorporated, and came into effect from 1 January 2025. The UTPR top-up tax rule is a secondary taxing rule designed to operate as a backstop to other Pillar 2 rules. It ensures that top-up tax is allocated to group entities in implementing jurisdictions. The tax may apply if a group does not have a parent company in a jurisdiction that has implemented Pillar 2.

In addition, Administrative Guidance containing a "side by side" agreement was released by the OECD on 5 January 2026 and is expected to be enacted into domestic legislation by countries. If enacted, this should exempt BAC and its subsidiaries from IIR and UTPR taxes from 1 Jan 2026.

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Factors that may affect future tax charges are disclosed in note 24 Deferred Tax.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. PROVISION FOR LOAN LOSS

Measurement of ECL

ECL is estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio as well as an economic outlook over the life of the loan. Parameters include PD, LGD and EAD to estimate the likelihood and overall impact of default. The Company incorporates forward-looking information through the use of macroeconomic scenarios applied over the forecasted life of the assets in addition to a staging framework that helps inform a significant increase in credit risk. Qualitative reserves are included in the total allowance to cover losses that are expected but, in the Company's assessment, may not be adequately reflected in the quantitative methods or the economic assumptions described above. Whilst qualitative reserves are by definition judgemental, they are calculated using agreed and consistent methodologies targeted to mitigate known model limitations. The largest overlay relates to the inherent risk arising from the leveraged loans portfolio, where there could be losses not fully anticipated by the modelled outcome.

The framework includes estimation of both 12-month and lifetime ECLs. When assessing the PD for loans classified as Stage 1 the projection looks forward no more than 12 months. When assessing the PD for loans classified as Stage 2 and 3 the Company considers the risk of default over the maximum contractual period (including any borrower's extension options) over which the Company is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or to terminate a loan commitment or guarantee.

The LGD model informs the business of the expected severity of the losses it will suffer from different collateral and loan characteristics in stressed economic environments. The key characteristics of a commercial loan, such as collateral type, obligor size, country and the presence of a guarantor, which in combination with economic conditions, influence the loss severity rates.

The ECL model is subject to regular review and revised to incorporate critical changes including but not limited to business requirements and regulatory guidance, which can impact ECL measurement.

During the reporting year, there has been no material changes in the estimate techniques or significant assumptions in respect of ECL measurement.

Incorporation of forward-looking information

The Company incorporates forward looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. This includes various estimates and assumptions, some of which require judgement. One use of judgement in the process is weighting forward-looking macroeconomic scenarios used within statistical models. While the Company generally relies on consensus estimates, any one economic outlook path is inherently uncertain, and as such the Company uses a range of possible outcomes via multiple macroeconomic scenarios in its ECL calculation.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. PROVISION FOR LOAN LOSS (CONTINUED)

As at 31 December 2025 five scenarios were used:

- A baseline scenario with the largest percentage weighting, which is derived from consensus estimates
- An adverse scenario reflecting a moderate recession
- A downside scenario reflecting continued inflation.
- A tail risk scenario similar to the severely adverse scenario used in stress testing
- An upside scenario that considers the potential for improvement above the baseline scenario

The scenarios and weightings used did not materially change from prior year.

These scenarios include key macroeconomic variables that have historically been drivers of increases and decreases in credit losses. These variables include, but are not limited to, unemployment rate, GDP levels and corporate bond spreads. As at 31 December 2025, the weighted economic outlook assumes that the UK unemployment rate and EU Developed Market High Yield spread at the end of 2026 would be around 5.1% and 6.4% respectively. The below table summarises the range of some of the macroeconomic inputs utilised within the model across the Company's chosen scenarios:

Macroeconomic Variables	Baseline scenario	Range across scenario		
	2026	2026	2027	2028
UK Unemployment %	4.9	4.7 - 7.5	4.5 - 8.7	4.1 - 7.8
UK Real GDP %	1.0	(4.6) - 1.9	0.3 - 2.0	1.6 - 2.0
France Real GDP %	0.6	(3.9) - 1.3	0.5 - 1.8	1.3 - 1.6
Germany Real GDP %	1.4	(3.7) - 2.2	1.2 - 2.8	1.9 - 2.3
EU Developed Market High Yield Spread %	4.2	3.4 - 18.4	4.0 - 13.5	4.6 - 7.4

Further sensitivity information is provided below to illustrate how changes in the macroeconomic assumptions could impact the modelled ECLs. However, it is not intended to forecast how the allowance for credit losses is expected to change in a different macroeconomic outlook. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Considering the variety of factors contemplated when developing and weighting macroeconomic outlooks such as recent economic events, leading economic indicators, views of internal and third-party economists and industry trends, in addition to other qualitative factors, the Company believes the allowance for credit losses at 31 December 2025 reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk ratings

In addition to the above judgements and estimates around macroeconomic expectations, the allowance for credit losses can also be impacted by changes in asset quality of the portfolio, such as increases or decreases in credit and / or internal risk ratings within the portfolio.

As part of its risk management process, the Company assigns numeric risk ratings to its corporate loan facilities based on quantitative and qualitative assessments of the obligor and facility. These risk ratings are reviewed at least annually or more often if material events have occurred related to the obligor or facility.

Credit risk ratings are a primary input into the determination of the term structure of PD for exposures. In addition to collecting performance and default information by internal credit risk ratings, the Company analyses credit risk exposures by borrower, jurisdiction or region and product type. The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. PROVISION FOR LOAN LOSS (CONTINUED)

Determining a significant increase in credit risk

For a loan to qualify to be treated for lifetime losses (as Stage 2 or 3 under IFRS 9) it must be credit impaired (Stage 3) or have experienced a significant increase in credit risk (Stage 2). When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, quantitative and qualitative approaches are used. The Company compares the remaining lifetime PD at the reporting date with the remaining lifetime PD at initial recognition adjusted as relevant for changes in prepayment expectations. The Company calculates the remaining lifetime PD using the same methodology used to calculate ECL; obligor level data elements and forecasted macroeconomic scenarios and weights. The Company has established thresholds based on both absolute and relative change in PD, leveraging internal credit risk officers' definition of significant credit deterioration. In addition to quantitative review of PD and risk rating changes, qualitative factors aligned to internal credit risk officers' view of risk management are considered, including the overall risk rating of the obligor in periods subsequent to origination. Further, the Company applies the presumption (which has not been rebutted as at the reporting date) based on delinquency, such that instruments which are more than 30 days past due should be considered to have a significant increase in credit risk. Financial instruments that have been determined to have a significant increase in credit risk are subsequently reviewed in line with rating timelines to identify whether there has been an improvement of credit quality in the underlying instrument.

The Company continues to closely monitor the macroeconomic and geopolitical risks as they evolve and places a high level of focus on the selection of scenarios and the amount of weighting given to each scenario, both of which are reviewed on a quarterly basis. These selections depend on a variety of factors including recent economic events, leading economic indicators and views of internal and third-party economists and industry trends. The Company also includes qualitative reserves to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative models or economic assumptions described above. For illustration, factors that the Company considers include, but are not limited to: changes in business conditions, asset quality, the nature and size of the portfolio, and portfolio concentrations. Further, the Company considers the inherent uncertainty in statistical models that are built on historical data.

Sensitivity

The calculation of the ECL allowance is dependent on a number of judgements and estimates as to the inputs and assumptions inherent in the model. Variables around stage determination, internal risk ratings, scenario weighting, and other macroeconomic forecast assumptions are considered to have the most material impact on the ECL calculations for the Company's third party loan and lease portfolio. Review of the assumptions is integrated into the Company's risk and governance processes. As part of these governance processes, the Company has adopted a framework to assess certain risks that may not be fully captured in the modelled ECL computation. These factor into the ECL an estimated impact from higher-risk segments that includes, but are not limited to leveraged loans or certain industries. The Company considers concentration risk arising from the portfolio construction which includes large exposures to counterparties in Stage 1. In addition, Individual assessments are performed for exposures designated as non-performing. The results of this assessment are then overlaid to the modelled output to result in the overall ECL provision. Total judgemental overlays at 31 December 2025 decreased to \$70 million (2024: \$103 million) offsetting increases from the modelled output. The largest judgemental overlay of \$59 million related to leveraged loans.

**NOTES TO THE FINANCIAL STATEMENTS
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14. PROVISION FOR LOAN LOSS (CONTINUED)

Whilst overlays to the modelled output are intended to ensure that the Company has appropriately captured the risks from which credit losses may be expected to arise, the ECL provision remains sensitive to changes in the model assumptions. To provide an illustration of the sensitivity of the macroeconomic scenarios and other assumptions on the estimate of its allowance for credit losses, the Company assessed modelled ECL changes driven by stage and scenarios, shown below:

	2025	2024
	\$M	\$M
Reduction in allowance by calculating ECL for all loans on a 12-month basis	75	42
Increase in allowance by moving all loans to the lifetime loss horizon (stage 2 or 3)	122	82
Reduction in allowance by running staging and ECL calculations using only upside scenario	52	32
Reduction in allowance by using only the baseline scenario	44	29
Increase in allowance if the most severe macroeconomic scenario was weighted to 100% probability	445	285

While the sensitivity analysis may be useful to understand how changes in macroeconomic assumptions could impact the Company modelled ECLs, it is not meant to forecast how the allowance for credit losses is expected to change in a different macroeconomic outlook. Importantly, the above sensitivities do not incorporate a variety of factors, including qualitative reserves and the weighting of alternative scenarios, which could have offsetting effects on the estimate. For example: qualitative reserves are determined based on a number of risk factors not reflected in the modelled results and could increase or decrease depending on methodological or scenario weighting inputs.

Collective based and other loss allowance assessment

The primary credit exposures of the Company falling within the impairment provisions of IFRS 9 relate to the Company's portfolio of loans and advances to third party customers and banks as well as its third party loan commitments. Loss allowances for these financial instruments are modelled on an instrument-by-instrument basis, determining the relevant PD, LGD and EAD using statistical data as described above and throughout this note.

For other financial instruments the Company assesses the ECL on either a collective or an individual basis using a reduced complexity calculation, whilst still incorporating, where relevant, quantitative historical loss experience data and forward-looking information as well as qualitative information as to the nature of risks inherent in the instruments. In the case of the Company's reverse repurchase agreements, the majority of credit exposure is over collateralised and the Company's customer and other receivables are typically short dated. The Company's investment securities at FVOCI are held in high investment grade assets. As a result, the PD, LGD, or both are such that the resulting ECL is not significant to the Company. Actual amounts written off during the year on these other financial instruments are also not significant to the Company. In light of this, separate disclosure of ECL allowance or amounts written off on these instruments is not considered material for disclosure in the financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
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14. PROVISION FOR LOAN LOSS (CONTINUED)

Reconciliation of loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. An explanation of the terms: 12 month ECL, lifetime ECL and credit impaired is included within the accounting policy note 2.14. The reconciliation tables have been revised to present POCL (Purchased or Originated Credit-Impaired) positions distinctly from credit-impaired loans. This refinement ensures greater transparency and alignment with disclosure requirements. Comparative information has been restated accordingly to maintain consistency and enhance comparability across reporting periods.

Loans and advances to banks

	12 month ECL \$M	Lifetime ECL Not credit impaired loans \$M	Total \$M
As at 1 January 2025	2	1	3
Transfers to 12 month ECLs	—	—	—
Transfers to lifetime ECLs - not credit impaired loans	—	—	—
New financial assets originated or purchased	1	—	1
Net changes in credit risk	—	—	—
Financial assets derecognised during the year (not written off)	(1)	(1)	(2)
As at 31 December 2025	2	—	2

	12 month ECL \$M	Lifetime ECL Not credit impaired loans \$M	Total \$M
As at 1 January 2024	1	1	2
Transfers to 12 month ECLs	—	—	—
Transfers to lifetime ECLs - not credit impaired loans	—	—	—
New financial assets originated or purchased	1	1	2
Net changes in credit risk	—	—	—
Financial assets derecognised during the year (not written off)	—	(1)	(1)
As at 31 December 2024	2	1	3

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**NOTES TO THE FINANCIAL STATEMENTS
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14. PROVISION FOR LOAN LOSS (CONTINUED)

Loans and advances to customers

	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	POCI	Total
	\$M	\$M	\$M	\$M	\$M
As at 1 January 2025	17	41	29	3	90
Transfers to 12 month ECLs	5	(5)	—	—	—
Transfers to lifetime ECLs - not credit impaired loans	(5)	8	(3)	—	—
Transfers to lifetime ECLs - credit impaired loans	—	(3)	3	—	—
New financial assets originated or purchased	10	17	2	—	29
Net changes in credit risk	(4)	20	(5)	3	14
Changes to model assumptions and methodologies	3	5	5	—	13
Amounts written off	—	—	—	—	—
Financial assets derecognised during the year (not written off)	(6)	(17)	—	(6)	(29)
Foreign exchange and discounting adjustments	1	3	2	1	7
As at 31 December 2025	21	69	33	1	124
	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	POCI	Total
	\$M	\$M	\$M	\$M	\$M
As at 1 January 2024	25	46	16	11	98
Transfers to 12 month ECLs	2	(2)	—	—	—
Transfers to lifetime ECLs – not credit impaired loans	(8)	10	(2)	—	—
Transfers to lifetime ECLs – credit impaired loans	—	(18)	18	—	—
New financial assets originated or purchased	6	3	—	1	10
Net changes in credit risk	(3)	10	66	(4)	69
Changes to model assumptions and methodologies	(1)	(2)	(1)	(1)	(5)
Amounts written off	—	—	(62)	—	(62)
Financial assets derecognised during the year (not written off)	(4)	(7)	(8)	(2)	(21)
Foreign exchange and discounting adjustments	—	1	2	(2)	1
As at 31 December 2024	17	41	29	3	90

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. PROVISION FOR LOAN LOSS (CONTINUED)

Guarantees and commitments

	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	POCI	Total
	\$M	\$M	\$M	\$M	\$M
As at 1 January 2025	29	95	1	7	132
Transfers to 12 month ECLs	4	(4)	—	—	—
Transfers to lifetime ECLs - not credit impaired loans	(8)	10	(2)	—	—
Transfers to lifetime ECLs - credit impaired loans	—	(10)	10	—	—
New guarantees / commitments originated or purchased	20	18	1	—	39
Net changes in credit risk	—	33	(3)	—	30
Changes to model assumptions and methodologies	(3)	6	—	—	3
Financial assets derecognised during the year (not written off)	(14)	(19)	—	—	(33)
Foreign exchange and discounting adjustments	—	—	—	—	—
As at 31 December 2025	28	129	7	7	171
	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	POCI	Total
	\$M	\$M	\$M	\$M	\$M
As at 1 January 2024	29	59	9	—	97
Transfers to 12 month ECLs	6	(6)	—	—	—
Transfers to lifetime ECLs - not credit impaired loans	(6)	14	(8)	—	—
Transfers to lifetime ECLs - credit impaired loans	—	(2)	2	—	—
New guarantees / commitments originated or purchased	20	14	—	6	40
Net changes in credit risk	(7)	24	5	1	23
Changes to model assumptions and methodologies	—	(2)	—	—	(2)
Financial assets derecognised during the year (not written off)	(13)	(7)	(7)	—	(27)
Foreign exchange and discounting adjustments	—	1	—	—	1
As at 31 December 2024	29	95	1	7	132

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

14. PROVISION FOR LOAN LOSS (CONTINUED)

As at 31 December 2025, total exposure amount on POCI loans is \$123 million (2024: \$233 million) of which the loss allowance provided is \$8 million (2024: \$10 million).

The contractual amount outstanding on financial assets that were written off during the year ended 31 December 2025 and that are still subject to enforcement activity is \$0 million (2024: \$10 million).

Impact to the loss allowance of the significant changes in the total exposure amount

During the year the exposure on 3rd party loans and advances impacting the loss allowance increased by \$15 billion reflecting growth of drawn and undrawn loan facilities. Loans identified as Stage 1 increased by approximately \$11 billion and loans identified as Stage 2 loans increased by \$4 billion reflecting expansion in loans and advance volume. However, loan volumes in Stage 3 remained largely consistent during the year.

ECL on the total exposure amount increased by \$69 million across Stage 2 and Stage 3 positions and by \$3 million for Stage 1 positions. This increase was largely driven by deteriorating asset quality although overall credit quality remains robust. Additional drivers include increase in loan exposure and deteriorating macroeconomic environment.

The overall allowance (including ECL on off-balance sheet guarantees and commitments) increased from an amount of \$225 million as at 31 December 2024 to \$297 million as at 31 December 2025.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan is recognised as a new loan at fair value in accordance with the accounting policy set out in note 2.11. Where the modification does not result in derecognition of the financial asset, the gross carrying value of the asset is recalculated and the difference is recognised as a modification gain or loss.

For further information on the Company's exposure to and management of credit risk, see note 41.

**NOTES TO THE FINANCIAL STATEMENTS
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15. CASH HELD AT CENTRAL BANKS

	2025	2024
	\$M	\$M
Balances with central banks other than mandatory reserve deposits	23,599	22,713
Mandatory reserve deposits with central banks	324	364
	<u>23,923</u>	<u>23,077</u>

Mandatory reserve deposits with central banks are not available for use in the Company's day-to-day operations.

16. REVERSE REPURCHASE AGREEMENTS

	2025	2024
	\$M	\$M
Reverse repurchase agreements at amortised cost	24,259	12,112
Reverse repurchase agreements at FVPL	558	526
	<u>24,817</u>	<u>12,638</u>

Analysed by maturity

On demand	18,092	9,813
Within three months	3,830	117
Between three months and one year	1,358	201
Between one year and five years	1,537	2,507
	<u>24,817</u>	<u>12,638</u>

Amounts above include:

Due from affiliated companies	<u>17,336</u>	<u>9,773</u>
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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

17. TRADING ASSETS

	2025	2024
	\$M	\$M
Government debt securities	291	261
Traded loans	1,238	1,251
Other debt securities	26	13
	1,555	1,525
	1,555	1,525

	2025	2024
	\$M	\$M
Analysed by maturity		
On demand	144	61
Within three months	9	49
Between three months and one year	41	82
Between one year and five years	694	1,134
More than five years	667	199
	1,555	1,525
	1,555	1,525

Distressed debt assets included in the Traded Loans above are presented according to their contractual maturity. Where the contractual maturity date has passed, or the resulting claim is otherwise to be settled at an uncertain date in the future, the balance has been presented as due on demand amounting to \$18 million (2024: \$61 million).

18. MARKET AND OTHER RECEIVABLES

	2025	2024
	\$M	\$M
Regular way trades pending for settlement	464	470
Cash collateral paid	1,260	1,349
Amounts owed by group undertakings	206	219
Fee and commission receivable	64	18
	1,994	2,056

Amounts above include:

Due from affiliated companies	924	1,286
	924	1,286

Market and other receivable are short term in nature and hence credit losses are not probable/expected due to minimal credit involved.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

19. LOANS AND ADVANCES TO BANKS

	2025	2024
	\$M	\$M
Gross carrying amount of loans and advances to banks at amortised cost	9,195	7,976
Allowance for impairment (see note 14)	(2)	(3)
	9,193	7,973
Loans and advances to banks at FVPL	589	471
Total loans and advances to banks	9,782	8,444

	2025	2024
	\$M	\$M
Analysed by maturity		
On demand	6,358	5,621
Within three months	311	95
Between three months and one year	940	943
Between one year and five years	1,774	1,634
After more than five years	401	154
	9,784	8,447
Allowance for impairment (see note 14)	(2)	(3)
Total loans and advances to banks	9,782	8,444

Amounts above include:

Due from affiliated companies	5,679	4,887
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Included within loans and advances to banks at FVPL is an amount of \$589 million (2024: \$471 million) relating to deposits held as part of certain derivative sinking fund transactions and are not available for use in the Company's day-to-day operations.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

20. LOANS AND ADVANCES TO CUSTOMERS

	2025	2024
	\$M	\$M
Gross carrying amount of loans and advances to customers at amortised cost	31,771	29,425
Allowance for impairment (see note 14)	(124)	(90)
	31,647	29,335
Loans and advances to customers at FVPL	4,068	2,943
Total loans and advances to customers	35,715	32,278

	2025	2024
	\$M	\$M
Analysed by maturity		
On demand	458	261
Within three months	2,211	1,632
Between three months and one year	3,346	2,840
Between one year and five years	14,904	15,499
More than five years	14,920	12,136
	35,839	32,368
Allowance for impairment (see note 14)	(124)	(90)
Total loans and advances to customers	35,715	32,278

Amounts above include:

Due from affiliated companies	780	203
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Loans and advances to customers includes \$36 million (2024: \$15 million) of finance lease receivables. See note 23 for further details regarding these finance leases.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

21. INVESTMENT SECURITIES

	2025	2024
	\$M	\$M
Debt instruments held at FVOCI	2,318	2,134
Equity instruments held at FVPL	73	73
	<u>2,391</u>	<u>2,207</u>

	2025	2024
	\$M	\$M
Analysed by maturity		
Debt instruments :		
On demand	—	—
Within three months	1,358	1,213
Between three months and one year	960	921
	<u>2,318</u>	<u>2,134</u>

Equity Instruments of \$73 million are not disclosed under Maturity analysis above given the nature of the instruments being strategic investment in clearing houses.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

22. TANGIBLE FIXED ASSETS

	Leasehold improvements \$M	Office equipment \$M	Total \$M
COST OR VALUATION			
At 1 January 2025	91	34	125
Additions	4	3	7
Disposals	—	(1)	(1)
Effect of movement in exchange	9	4	13
	<u>104</u>	<u>40</u>	<u>144</u>
At 31 December 2025	<u>104</u>	<u>40</u>	<u>144</u>
ACCUMULATED DEPRECIATION			
At 1 January 2025	57	26	83
Depreciation for the year	11	4	15
Additions	—	—	—
Disposals	—	(1)	(1)
Effect of movement in exchange	6	2	8
	<u>74</u>	<u>31</u>	<u>105</u>
At 31 December 2025	<u>74</u>	<u>31</u>	<u>105</u>
CARRYING AMOUNT			
At 31 December 2025	<u><u>30</u></u>	<u><u>9</u></u>	<u><u>39</u></u>
At 31 December 2024	<u><u>34</u></u>	<u><u>8</u></u>	<u><u>42</u></u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

22. TANGIBLE FIXED ASSETS (CONTINUED)

	Leasehold improvements \$M	Office equipment \$M	Total \$M
COST OR VALUATION			
At 1 January 2024	83	33	116
Additions	13	5	18
Disposals	(1)	(3)	(4)
Effect of movement in exchange	(4)	(1)	(5)
Other Changes- Transfers	—	—	—
At 31 December 2024	91	34	125
ACCUMULATED DEPRECIATION			
At 1 January 2024	51	24	75
Depreciation for the year	9	5	14
Additions	(1)	—	(1)
Disposals	1	—	1
Effect of movement in exchange	(3)	(3)	(6)
Other Changes- Transfers	—	—	—
At 31 December 2024	57	26	83
CARRYING AMOUNT			
At 31 December 2024	34	8	42
At 31 December 2023	32	9	41

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. LEASES

Lessor arrangements

The Company's lessor arrangements consist of finance leases for equipment and machinery. Lease agreements may include options to renew or for the lessee to purchase the leased item at the end of the lease term.

For the year ended 31 December 2025 total lease income is \$1 million (2024: \$1 million), which relates to finance income on the net investment in finance leases. This is reflected in interest income on loans and advances to customers and banks in note 4.

The following table sets out the maturity analysis of the Company's finance lease receivables:

	2025	2024
	\$M	\$M
Less than one year	9	4
One to two years	8	3
Two to three years	7	3
Three to four years	7	3
Four to five years	3	3
More than five years	7	1
	41	17
Discounted unguaranteed residual value	—	—
Unearned finance income	(5)	(2)
Net investment in lease	36	15

The Company's finance leases can include agreements where the finance income is based on floating rates of interest. For these agreements, the amounts included above would represent the fixed principal repayments only.

Lessee arrangements

The Company's lessee arrangements consist of leases for premises. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Company is not reasonably certain that it will exercise the options. The weighted-average lease term was 8 years at 31 December 2025 (2024: 5 years).

	2025	2024
	\$M	\$M
Carrying amount as at 1 January	77	89
Translation Adjustments	10	(3)
Additions	16	11
Amortisation expenses	(21)	(20)
Carrying amount at 31 December	82	77

Addition to the right-of-use assets during the year totalled \$16 million (2024: \$11 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

23. LEASES (CONTINUED)

Lease liabilities

	2025	2024
	\$M	\$M

Maturity analysis – contractual undiscounted cash flows

Less than one year	24	22
One to five years	54	50
More than five years	21	20
	99	92

	2025	2024
	\$M	\$M

Lease liabilities included in the statement of financial position

Less than one year	24	20
More than one year	68	65
	92	85

Total lease liability (see note 31)

	2025	2024
	\$M	\$M

Amounts recognised in profit or loss

Interest on lease liabilities (see note 4)	2	2
Amortisation charge for the year	21	20
Variable lease payments not included in the measurement of lease liabilities	8	7
	8	7

Variable lease costs primarily relate to business rates payable as part of the Company's leasing arrangements.

The total cash outflow for leases during the year was \$24 million (2024: \$23 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

24. DEFERRED TAX

In the reporting year and the comparative year, deferred tax liabilities and assets were recorded and are split as follows:

Movement in deferred tax balances

	1 January 2025	Recognised in P&L	Recognised in OCI	31 December 2025
	\$M	\$M	\$M	Net \$M
Lease-ROU Asset	(17)	2	—	(15)
Lease-Liability	19	(3)	—	16
Retirement benefit obligation	13	3	(3)	13
Tangible Fixed Assets	15	(3)	—	12
Capital gains on unlisted securities	(8)	2	—	(6)
Share based payments	61	16	—	77
Provision for Loan loss	(11)	4	—	(7)
Goodwill	12	—	—	12
Net tax assets	84	21	(3)	102

	1 January 2024	Recognised in P&L	Recognised in OCI	31 December 2024
	\$M	\$M	\$M	Net \$M
Lease-ROU Asset	(19)	2	—	(17)
Lease-Liability	21	(2)	—	19
Retirement benefit obligation	15	(2)	—	13
Tangible Fixed Assets	18	(3)	—	15
Capital gains on unlisted securities	(2)	(6)	—	(8)
Share based payments	44	17	—	61
Provision for Loan loss	(14)	3	—	(11)
Goodwill	14	(2)	—	12
Net tax assets	77	7	—	84

The deferred tax assets on the statement of financial position of \$102 million (2024: \$84 million) relate to temporary differences.

During 2025, the Company fully utilised the unrecognised tax losses of \$53 million that were carry forwarded from 31 December 2024, primarily relating to restricted tax losses attributable to the London branch.

The Company also has unrecognised deferred tax relating to foreign tax credits of \$827 million (2024: \$832 million). A deferred tax asset has not been recognised in respect of this item because foreign branches have higher tax rate than Irish rate and it is not probable that deferred tax assets on foreign tax credits will be utilised.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

25. OTHER ASSETS

	2025	2024
	\$M	\$M
Social security tax	31	30
Withholding tax receivable	11	14
Retirement benefit assets	7	—
Prepaid Expense	2	1
Other	33	28
	84	73
	84	73

26. DEPOSITS BY BANKS

	2025	2024
	\$M	\$M
Analysed by maturity		
On demand	909	614
Within three months	4,977	4
Between three months and one year	2	—
Between one year and five years	20,806	15,125
	26,694	15,743
	26,694	15,743

Amounts above include:

Due to affiliated companies	26,385	15,574
	26,385	15,574

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

27. DEPOSITS BY CUSTOMERS

	2025 \$M	2024 \$M
Analysed by maturity		
On demand	25,875	24,874
Within three months	7	—
Between three months and one year	900	679
Between one year and five years	21,840	18,455
More than five years	2,000	2,000
	50,622	46,008
Amounts above include:		
Due to affiliated companies*	24,987	21,336

	2025 \$M	2024 \$M
*Subordinated Debt included in Due to affiliated companies		
US Dollar denominated loan note maturing in 2033 and bearing interest at overnight SOFR Rate with daily reset plus 217 basis points	2,000	2,000
US Dollar denominated internal MREL loan maturing in 2030 and bearing interest at SOFR Rate with daily reset plus 116 basis points	2,000	—
US Dollar denominated internal MREL loan maturing in 2027 and bearing interest at SOFR Rate with daily reset plus 90 basis points	1,500	1,500
US Dollar denominated internal MREL loan maturing in 2026 and bearing interest at SOFR Rate with daily reset plus 77 basis points	—	2,000
	5,500	5,500

Included in Deposits by Customers is \$5.5 billion of non-negotiable subordinated liabilities as of December 31, 2025. Of this balance, minimum requirements for own funds and eligible liabilities ("MREL") balances of \$3.5 billion do not qualify as tier 2 instruments and are subject to automatic bail-in requirements and \$2 billion qualifies as Tier 2 instruments for regulatory capital purposes.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

28. REPURCHASE AGREEMENTS

	2025	2024
	\$M	\$M
Repurchase agreements at amortised cost	<u>144</u>	<u>128</u>
	<u>144</u>	<u>128</u>
Analysed by maturity		
On demand	—	128
Between one year and five years	<u>144</u>	—
	<u>144</u>	<u>128</u>
Amounts above include:		
Due from affiliated companies	<u>144</u>	<u>128</u>

29. MARKET AND OTHER PAYABLES

	2025	2024
	\$M	\$M
Regular way trades pending for settlement	422	480
Cash collateral received	870	807
Amounts owed to group companies	<u>330</u>	<u>278</u>
	<u>1,622</u>	<u>1,565</u>
Amounts above include:		
Due to affiliated companies	<u>334</u>	<u>283</u>

Surplus cash collateral received must not be used for operational activities and should be returned to the client on demand

30. DEBT SECURITIES

Debt securities consist entirely of certificates of deposit and are analysed by maturity below:

	2025	2024
	\$M	\$M
Within three months	743	353
Between three months and one year	<u>485</u>	<u>823</u>
	<u>1,228</u>	<u>1,176</u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

31. OTHER LIABILITIES

	2025	2024
	\$M	\$M
Value added tax payable	16	10
Withholding tax payable	23	27
Lease liabilities (see note 23)	92	85
Trading liabilities	3	2
Merchant clearing	1	4
Other	272	200
	407	328
	407	328

Other: primarily relates to amounts payable in the process of settlement.

32. ACCRUALS

	2025	2024
	\$M	\$M
Employee benefits	96	81
Payroll taxes	40	36
Accrued expenses and deferred income	41	35
	177	152
	177	152

33. PROVISIONS FOR LIABILITIES AND COMMITMENTS

	2025	2024
	\$M	\$M
Provision for loan loss (see note 14)	171	132
	171	132
	171	132

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS

The Company participates in a number of defined benefit and defined contribution pension schemes in the Republic of Ireland and Europe.

a. Defined contribution schemes

The main schemes are:

- The Bank of America UK Retirement Plan (formerly the Bank of America Merrill Lynch UK Pension Plan) ("the UK Plan") which is generally available to the employees of the London branch of the Company. The principal employer of the UK Plan is Merrill Lynch International ("MLI").
- The Bank of America Ireland Pension Scheme (formerly the Bank of America Merrill Lynch Ireland Pension Scheme) ("the Ireland Plan") which is generally available to the employees of the Company based in Ireland.

The costs of defined contribution pension schemes are:

- A percentage of each employee's plan salary for the UK Plan based on the length of service. The employer pays between 8% and 12% of plan salary.
- A percentage of each employee's salary for the Ireland Plan based on member contributions and length of service. The employer contribution rates are between 6% and 15% of pensionable salary.

The Company's pension cost for the year in respect of defined contribution schemes was \$33 million (2024: \$32 million). The costs are charged to the income statement in the year in which they fall due.

b. Defined benefit schemes

The Company participates in defined benefit plans relating to former BAC Group branches and legal entities. The plans consist of both funded and unfunded arrangements.

The main defined benefit obligations of the Company are in respect of German and Swiss employees. There are also defined benefit obligations relating to French, Dutch and Italian employees.

b.i. Defined benefit scheme - Switzerland

The Zurich Plan is a stand-alone pension foundation (the "Foundation") providing cash balance benefits in accordance with mandatory Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge / Loi Fédérale sur la Prévoyance Professionnelle Vieillesse, Survivants et Invalidité ("BVG/LPP") requirements. The retirement benefits are provided either as a lump sum at retirement, or as an annuity, and there are associated benefits on death or disability. The Foundation is governed by a Board, which is legally responsible for all aspects of the operation of the Foundation including overseeing the investments and the distribution of the benefits.

There is equal representation of Board members with half appointed by the employer and half elected by the membership. The participating employers in the Foundation consists of the Company and other Swiss subsidiaries of the Bank of America Group and the Company is the principal employer in Switzerland.

The employer contributions are generally made in accordance with the benefit formula (i.e., contribution credits) plus an allowance for death and disability benefit costs and administration costs but under the plan rules and affiliation agreement the employer is contractually obliged to pay additional deficit contributions in the case of underfunding. Total defined benefit employer contributions made in 2025 were \$4 million (2024: \$3 million).

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

In respect of future funding:

All employers – Employer share of the retirement credits: equal to the total credits less the member contributions as specified in the Zurich Plan rules.

All employers – 3.3% of total risk insured salaries contribution allowance for risk, administration and other costs: this consists of 1.2% of total risk insured salaries in respect of the Foundation's risk insurance premium and 2.1% of total risk insured salaries for the administration and other costs of running the Zurich Plan.

Plan valuations under IAS19 are undertaken annually.

b.ii. Defined benefit schemes – Germany

The plans are as follows:

ML International Bank Defined Pension Plan is sponsored by the London branch of the Company. The plan relates to former German Global Wealth and Investment Management ("GWIM") employees.

ML Capital Markets Bank Defined Benefit Plan and the ML Capital Markets Bank Deferred Compensation Plan ("MLCMB DCP") are sponsored by the Dublin head office of the Company (for non-active members) and the Frankfurt branch of the Company (for active employees).

ML Management GmbH DB Plan is sponsored by the Frankfurt branch of the Company and consists of liabilities in respect of German employees following the dissolution of ML Management GmbH during 2016.

ML IM Defined Benefit Plan and ML IM DCP are sponsored by the Frankfurt branch of the Company. These plans relate to German former GWIM employees.

BofA Europe Pension Plan 1992 and BofA Europe Pension Plan 1992 DCP are sponsored by the Frankfurt branch of the Company. These plans are both unfunded and relate to active members in Germany.

The Company applies a Book-Reserve funding approach to all these Defined Benefit Plans, with the exception of the MLCMB DCP which is partially funded by insurance contracts. The Company is also legally obliged to contribute to the Pension Protection Association (Pensions-Sicherungs-Verein aG – PSVaG), which protects the members benefit promises from employer insolvency. These promises are the direct responsibility of the Company. There are no Trustees or other such plan board members.

The Company is consequently exposed to interest, inflation, disability and mortality risks, and must have the available cashflow to meet the benefits when they fall due in future.

Total defined benefit employer contributions made in 2025 were \$4 million (2024: \$4 million).

Plan valuations under IAS19 are undertaken annually.

**NOTES TO THE FINANCIAL STATEMENTS
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34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

b.iii. Defined benefit schemes - Other

The Other plans consist of a funded defined benefit pension arrangement in the Netherlands administered via an insurance contract held by the Company, an unfunded Termination Indemnity ("TFR") benefits arrangement in Italy as well as an unfunded defined benefit pension arrangement and a sabbatical programme in France.

Employer contributions in the Netherlands plan are equal to the ongoing insurance premiums and in the unfunded plans, are equal to the benefits due, which the employer pays directly. Total defined benefit employer contributions made in 2025 were \$0.8 million (2024: \$0.3 million).

The below table shows the net pension liability on the statement of financial position and associated expense in the income statement. For some of the plans (ML International Bank Plan, MLIB Dublin Capital Markets Bank and MLIB Dublin Capital Markets Bank DCP), the currency of the underlying plan benefits does not match the Company's branches reporting currency. For these plans, results were first converted into the branch reporting currency, with currency gains or losses being recognised through the Income Statement.

	2025	2024
	\$M	\$M
Fair value of scheme assets	140	113
Present value of defined benefit obligations	(226)	(198)
Net pension liability on statement of financial position	(86)	(85)
Current service cost	6	3
Past service cost - Plan amendments	3	(11)
Interest expense	3	3
Administrative costs, taxes and other	—	—
Branch currency (gains)/losses	7	(4)
Pension (income)/expense recognised in income statement	19	(9)

As of 31 December 2025, the Company recognised retirement benefit obligations of \$93 million, relating to Germany and Other defined benefit plans and retirement benefit assets of \$7 million, relating to the Switzerland defined benefit plan, presented under Note 25 Other Assets.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
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34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland \$M	Present value of obligation Germany \$M	Present value of obligation Other \$M	Fair value of plan assets Switzerland \$M	Fair value of plan assets Germany \$M	Fair value of plan assets Other \$M	Present value of obligation Total \$M	Fair value of plan assets Total \$M	Net pension liability \$M
At 1 January 2025	(105)	(83)	(10)	104	5	4	(198)	113	(85)
Transferred in	—	—	—	—	—	—	—	—	—
	(105)	(83)	(10)	104	5	4	(198)	113	(85)
Amounts recognised in Income Statement:									
Current service cost	(5)	—	(1)	—	—	—	(6)	—	(6)
Past service cost - Plan amendments	—	—	(3)	—	—	—	(3)	—	(3)
Interest expense	(1)	(3)	—	1	—	—	(4)	1	(3)
	(6)	(3)	(4)	1	—	—	(13)	1	(12)
Amounts recognised in OCI:									
Return on plan assets (excluding interest income)	—	—	—	9	—	(1)	—	8	8
Gain / (Loss) from change in experience assumptions	(8)	(2)	—	—	—	—	(10)	—	(10)
Gain / (Loss) from change in demographic assumptions	—	—	—	—	—	—	—	—	—
Gain / (Loss) from change in financial assumptions	7	8	1	—	—	—	16	—	16
	(1)	6	1	9	—	(1)	6	8	14

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland \$M	Present value of obligation Germany \$M	Present value of obligation Other \$M	Fair value of plan assets Switzerland \$M	Fair value of plan assets Germany \$M	Fair value of plan assets Other \$M	Present value of obligation Total \$M	Fair value of plan assets Total \$M	Net pension liability \$M
Foreign exchange differences	(15)	(11)	(2)	16	1	—	(28)	17	(11)
Income Statement	—	(8)	—	—	1	—	(8)	1	(7)
OCI	(15)	(3)	(2)	16	—	—	(20)	16	(4)
Contributions									
Employer	—	—	—	4	4	—	—	8	8
Plan participants	(2)	—	—	2	—	—	(2)	2	—
	<u>(17)</u>	<u>(11)</u>	<u>(2)</u>	<u>22</u>	<u>5</u>	<u>—</u>	<u>(30)</u>	<u>27</u>	<u>(3)</u>
Payments from plan									
Benefit payments	5	4	—	(5)	(4)	—	9	(9)	—
At 31 December 2025	<u>(124)</u>	<u>(87)</u>	<u>(15)</u>	<u>131</u>	<u>6</u>	<u>3</u>	<u>(226)</u>	<u>140</u>	<u>(86)</u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland	Present value of obligation Germany	Present value of obligation Other	Fair value of plan assets Switzerland	Fair value of plan assets Germany	Fair value of plan assets Other	Present value of obligation Total	Fair value of plan assets Total	Net pension liability
	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
At 1 January 2024	(111)	(96)	(9)	104	5	4	(216)	113	(103)
Transferred in	—	(1)	—	—	—	—	(1)	—	(1)
	<u>(111)</u>	<u>(97)</u>	<u>(9)</u>	<u>104</u>	<u>5</u>	<u>4</u>	<u>(217)</u>	<u>113</u>	<u>(104)</u>
Amounts recognised in Income Statement:									
Current service cost	(2)	—	(1)	—	—	—	(3)	—	(3)
Past service cost - Plan amendments	11	—	—	—	—	—	11	—	11
Administrative costs, taxes and other	—	—	—	—	—	—	—	—	—
Interest expense	(1)	(3)	—	1	—	—	(4)	1	(3)
	<u>8</u>	<u>(3)</u>	<u>(1)</u>	<u>1</u>	<u>—</u>	<u>—</u>	<u>4</u>	<u>1</u>	<u>5</u>
Amounts recognised in OCI:									
Return on plan assets (excluding interest income)	—	—	—	6	—	—	—	6	6
Gain / (Loss) from change in experience assumptions	(4)	3	—	—	—	—	(1)	—	(1)
Gain / (Loss) from change in demographic assumptions	—	—	—	—	—	—	—	—	—
Gain / (Loss) from change in financial assumptions	(8)	4	—	—	—	—	(4)	—	(4)
	<u>(12)</u>	<u>7</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>—</u>	<u>(5)</u>	<u>6</u>	<u>1</u>
Foreign exchange differences	8	6	—	(8)	—	—	14	(8)	6
Income Statement	—	4	—	—	—	—	4	—	4
OCI	8	2	—	(8)	—	—	10	(8)	2

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

Other change in defined benefit obligations	—	—	—	—	—	—	—	—	—
	Present value of obligation Switzerland \$M	Present value of obligation Germany \$M	Present value of obligation Other \$M	Fair value of plan assets Switzerland \$M	Fair value of plan assets Germany \$M	Fair value of plan assets Other \$M	Present value of obligation Total \$M	Fair value of plan assets Total \$M	Net pension liability \$M
Contributions									
Employer	—	—	—	3	4	—	—	7	7
Plan participants	(1)	—	—	1	—	—	(1)	1	—
	<u>7</u>	<u>6</u>	<u>—</u>	<u>(4)</u>	<u>4</u>	<u>—</u>	<u>13</u>	<u>—</u>	<u>13</u>
Payments from plan									
Benefit payments	3	4	—	(3)	(4)	—	7	(7)	—
At 31 December 2024	<u>(105)</u>	<u>(83)</u>	<u>(10)</u>	<u>104</u>	<u>5</u>	<u>4</u>	<u>(198)</u>	<u>113</u>	<u>(85)</u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal actuarial assumptions were as follows and are weighted by the size of the pension liability:

	2025	2024
Discount rate	2.43%	1.97%
Pension growth rate	0.86%	0.92%
CPI inflation	1.53%	1.70%
	2025	2024
Life expectancy for males aged 65	22	21
Life expectancy for females aged 65	24	24
Life expectancy at 65 for male currently aged 50	23	23
Life expectancy at 65 for females currently aged 50	25	25

The mortality assumptions are based on actuarial advice in accordance with published statistics and past experience and allow for expected future improvements in mortality rates.

The overall plan assets (all of which are at quoted market price) are invested in the following asset classes:

	2025	2024
	\$M	\$M
Equities	44	37
Debt	37	31
Real Estate	31	21
Other	28	24
	140	113

The average durations of the year-end obligations were as follows:

	2025	2024
	Years	Years
Switzerland	14	14
Germany	12	14
Other plans	13	14

**NOTES TO THE FINANCIAL STATEMENTS
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34. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Defined benefit obligation 2025 \$M	Defined benefit obligation 2024 \$M
Current value as at 31 December	226	198
Following a 1.0% increase in the discount rate		
Change	(27)	(29)
New value	199	169
Following a 1.0% increase in the inflation assumption		
Change	11	11
New value	237	209
Following an increase in life expectancy of one year		
Change	6	6
New value	232	204

There have been no changes to the methods used in preparing the sensitivity analysis. The methodology used to derive the underlying valuation assumptions is also unchanged compared to the prior year.

Employer contribution to the Defined Benefit plan assets and benefits paid directly by the employer for the next annual reporting period is expected to be \$8 million compared with \$7 million in 2025.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
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35. SHARE CAPITAL

	2025 \$M	2024 \$M
Authorised		
55,051,000 (2024: 55,051,000) Ordinary shares of \$1.00 each	55	55
Called up, issued and fully paid		
32,067,011 (2024: 32,067,011) Ordinary shares of \$1.00 each	32	32

36. RESERVES

Share premium account

Under the terms of the 2018 merger with Bank of America Merrill Lynch International Limited ("BAMLI Ltd"), a share of nominal value \$1 was issued by the Company to the immediate parent BANA as consideration for the net assets of BAMLI Ltd. Group reconstruction relief was applied to limit the increase in the Company's share premium to \$9,061 million.

Retained earnings

The difference between equity-settled share scheme awards costs as calculated in accordance with IFRS 2 Share Based Payments and the amounts recharged for such awards by the intermediate parent undertaking during the year was \$0 million credit (2024: \$4 million credit) and is included within profit and loss reserves.

Other reserves

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in fair value through other comprehensive income investments since initial recognition.

Foreign exchange reserve

The foreign exchange reserve consists of translation differences arising on the profit and loss for the current year and on opening reserves on branches whose functional currency is not US dollars.

Capital contribution reserve

Merrill Lynch Europe Limited released the Company of intra-group pension obligation recharges of \$59 million in 2015. This was treated as a capital contribution. The Company recognised a decrease in the capital contribution reserve of \$4 million in 2023 due to acquisition of CTA reserves on liquidation of BANA Athens branch to BofA Europe Athens branch, wherein both having common parent.

	Fair value through other comprehensive income reserve \$M	Foreign exchange reserve \$M	Capital contribution reserve \$M	Total \$M
Other reserves				
As at 1 January 2025	—	(17)	55	38
Current year movement	1	80	—	81
As at 31 December 2025	1	63	55	119

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

37. OTHER FINANCIAL COMMITMENTS

	2025	2024
	\$M	\$M
Undrawn loan commitments	60,010	48,237
Purchase commitments	527	637
Standby letters of credit and financial guarantees	601	938
Other commitments	2,034	—
	63,172	49,812
 Amounts above include:		
Due from affiliated companies	528	637

The table above includes the notional amount of unfunded legally binding lending and purchasing commitments.

The Company enters into commitments to extend credit such as loan commitments, standby letters of credit and guarantees to meet the financing needs of its customers. Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Company against deterioration in the borrower's ability to pay.

Purchase commitments are represented by open buy commitments to purchase loans, which have not yet been settled.

Other commitments consist of forward reverse repurchase agreements that remain unsettled as of the reporting date.

Other financial commitments includes commitments that are accounted under the Fair value option. At 31 December 2025 \$4,651 million (2024: \$2,746 million) of these commitments were elected to be measured under the fair value option.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

38. FINANCIAL INSTRUMENTS BY CATEGORY

The following table analyses the carrying amount of the Company's financial assets and liabilities by category and by statement of financial position heading:

31 December 2025

	Amortised cost	Mandatorily at FVPL	Designated at FVPL	FVOCI - debt instruments	Total
	\$M	\$M	\$M	\$M	\$M
Cash at central banks	23,923	—	—	—	23,923
Reverse repurchase agreements	24,259	—	558	—	24,817
Trading assets	—	1,555	—	—	1,555
Derivative financial instruments	—	4,750	—	—	4,750
Market and other receivables	1,994	—	—	—	1,994
Loans and advances to banks	9,193	589	—	—	9,782
Loans and advances to customers	31,647	4,068	—	—	35,715
Investment securities	—	73	—	2,318	2,391
Financial assets	91,016	11,035	558	2,318	104,927
Deposits by banks	26,694	—	—	—	26,694
Deposits by customers	50,622	—	—	—	50,622
Repurchase agreements	144	—	—	—	144
Market and other payables	1,622	—	—	—	1,622
Debt securities	1,228	—	—	—	1,228
Derivative financial instruments	—	5,898	—	—	5,898
Financial liabilities designated FVPL	—	—	808	—	808
Other liabilities	—	—	3	—	3
Financial liabilities	80,310	5,898	811	—	87,019

Equity investments, previously presented separately under the classification 'FVPL – Equity Instruments,' are now consolidated within the category 'Mandatorily at FVPL.' This change aligns with the applicable accounting standards and enhances clarity and consistency in the presentation of investment securities.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

38. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2024

	Amortised cost \$M	Mandatorily at FVPL \$M	Designated at FVPL \$M	FVOCI - debt instruments \$M	FVPL - equity instruments \$M	Total \$M
Cash at central banks	23,077	—	—	—	—	23,077
Reverse repurchase agreements	12,112	—	526	—	—	12,638
Trading assets	—	1,525	—	—	—	1,525
Derivative financial instruments	—	2,931	—	—	—	2,931
Market and other receivables	2,056	—	—	—	—	2,056
Loans and advances to banks	7,973	471	—	—	—	8,444
Loans and advances to customers	29,335	2,943	—	—	—	32,278
Investment securities	—	—	—	2,134	73	2,207
Other assets	28	—	—	—	—	28
Financial assets	74,581	7,870	526	2,134	73	85,184
Deposits by banks	15,743	—	—	—	—	15,743
Deposits by customers	46,008	—	—	—	—	46,008
Repurchase agreements	128	—	—	—	—	128
Market and other payables	1,565	—	—	—	—	1,565
Debt securities	1,176	—	—	—	—	1,176
Derivative financial instruments	—	3,809	—	—	—	3,809
Financial liabilities designated FVPL	—	—	238	—	—	238
Other liabilities	289	—	2	—	—	291
Accruals	152	—	—	—	—	152
Financial liabilities	65,061	3,809	240	—	—	69,110

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

39. TRANSFERRED ASSETS AND UNCONSOLIDATED STRUCTURED ENTITIES

Nature, purpose and extent of the Company's exposure to structured entities

The Company enters into transactions in the normal course of business with various structured entities which have been designed to achieve a specific business objective. A structured entity (sometimes called a Special Purpose Entity ("SPE")) is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Company's exposure to structured entities relates to its provisioning of financing in the form of loans or similar advances to clients, backed by specific pools of assets. Structured entities' legal forms may vary, but generally include limited liability corporations, trusts, funds and partnership.

Sponsored entities

The Company considers itself the sponsor of a structured entity where it is primarily involved in the design and establishment of the structured entity; and where the Company transfers assets to the structured entity; markets products associated with the structured entity in its own name; provides operational support to ensure the continued operation of the structured entity and/or provides guarantees regarding the structured entity's performance. The Company typically does not consider itself to be the sponsor of the arrangements because it does not have a significant level of involvement in the design or operation of the structured entity. In such cases the Company reports this activity within loans and advances to customers consistent with other financing activities.

Consolidated structured entities

The Company does not have any consolidated structured entities, because its involvement with structured entities does not result in the Company having control over their investment making decisions.

Unconsolidated structured entities

The Company's interest in an unconsolidated structured entity is considered as the contractual and non-contractual involvement that exposes the Company to variability of returns from the performance of the structured entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

The Company may provide financing to structured entities in the normal course of business. The Company assesses the risk and exposure of this activity consistently with other financing activities by reviewing the creditworthiness of the counterparties involved, the amount and quality of collateral in the vehicle, and the contractual arrangements in place including for example: any guarantees received from other parties.

Commercial real estate securitisation

The Company uses structured entities to securitise commercial real estate loans and advances as a source of finance and a means of risk transfer. The loans and advances are transferred by the Company to the structured entities for cash, and the structured entities issue debt securities to investors. The transferred assets are typically derecognised from the Company's balance sheet, because the Company transfers substantially all of the risks and rewards of ownership of the asset. Refer to note 2.9 for the accounting policy that governs recognition and derecognition of financial assets.

**NOTES TO THE FINANCIAL STATEMENTS
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39. TRANSFERRED ASSETS AND UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

The Company also has exposure to sponsored commercial real estate securitisation vehicles within its loans and advances portfolio where the assets were transferred to the structured entity by an affiliated company in the BAC Group.

The Company typically either retains a portion of the original loan, provides a separate issuer loan to the structured entity, or provides liquidity facilities to the structured entity. These are considered to represent the Company's continuing involvement in transferred financial assets that have been derecognised in full.

The following table shows the carrying amount of the Company's recorded interest in its statement of financial position as well as the maximum exposure to risk (as defined in the paragraph below) due to these exposures in the unconsolidated structured entities.

The Company's maximum loss exposure is based on the unlikely event that all of the assets in the structured entities become worthless and incorporates not only potential losses associated with assets recorded on the statement of financial position but also potential losses associated with off-balance sheet commitments, such as unfunded liquidity commitments and other contractual arrangements. The Company's maximum loss exposure does not include losses previously recognised through write-downs of assets.

	2025		2024	
	Carrying amount of financial assets	Maximum exposure to loss	Carrying amount of financial assets	Maximum exposure to loss
	\$M	\$M	\$M	\$M
<u>Recorded interest in the statement of financial position</u>				
Loans and advance to customers	7	7	6	9

The total size of these structured entities is \$262 million (2024: \$299 million). During the current and prior years, the Company has not provided any non-contractual financial or other support to these unconsolidated structured entities.

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The following table summarises the effect on the Company's statement of financial position, fair value and maximum exposure to loss as a result of its continuous involvement in transferred assets with structured entities.

	2025			2024		
	Carrying amount of continuing involvement	Fair value of continuing involvement	Maximum exposure to loss	Carrying amount of continuing involvement	Fair value of continuing involvement	Maximum exposure to loss
	\$M	\$M	\$M	\$M	\$M	\$M
Mortgage Loans	75	74	75	85	84	91

The amounts in the table above relate primarily to retained interests in SPEs.

The total size of these structured entities is \$1,728 million (2024: \$2,407 million). During the current and prior years the Company has not provided any non-contractual financial or other support to these SPEs.

The Company received a \$14 million gain on transfer of assets during 2025 and there was no material income received by the Company in prior years.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
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40. OFFSETTING

Financial assets and liabilities may be offset and the net amount reported in the Statement of Financial Position ("SOFP") only where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents financial instruments that are subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Company's statement of financial position if all set-off rights were exercised.

31 December 2025

	Effects of offsetting on balance sheet			Related amounts not offset		
	Gross amounts recognised \$M	Gross amounts offset in the SOFP \$M	Net amounts presented in the SOFP \$M	Financial instruments \$M	Cash collateral \$M	Net amount \$M
Assets						
Reverse repurchase agreements	25,314	(497)	24,817	(24,817)	—	—
Derivative financial instruments	4,750	—	4,750	(3,162)	(813)	775
Liabilities						
Repurchase agreements	641	(497)	144	—	—	144
Derivative financial instruments	5,898	—	5,898	(3,162)	(930)	1,806

31 December 2024

	Gross amounts recognised \$M	Gross amounts offset in the SOFP \$M	Net amounts presented in the SOFP \$M	Financial instruments \$M	Cash collateral \$M	Net amount \$M
	Assets					
Reverse repurchase agreements	13,293	(655)	12,638	(12,634)	—	4
Derivative financial instruments	3,533	(602)	2,931	(1,495)	(692)	744
Liabilities						
Repurchase agreements	783	(655)	128	—	—	128
Derivative financial instruments	4,273	(464)	3,809	(1,495)	(1,271)	1,043

Financial instruments included in "related amounts not offset", amounting to \$24,817 million (2024: \$12,634 million) represent reverse repurchase agreement securities collateral received.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

40. OFFSETTING (CONTINUED)

Financial instruments

The Company can undertake a number of financial instrument transactions with a single counterparty and may enter into an International Swaps and Derivatives Association, Inc ("ISDA") master netting agreement or equivalent ("master netting agreements") with that counterparty. Such an agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract. These agreements are commonly used to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. A master netting arrangement commonly creates a right of set-off that becomes enforceable and affects the realisation or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

The Company enters into master netting agreements with the Company's major derivative counterparties. Where there is not an intention to settle on a net basis in the normal course of business, the balances have not been offset in the statement of financial position and have been presented separately in the table above.

Cash collateral

Cash collateral relates to collateral received and pledged against derivatives and which have not been offset in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT

Legal entity risk governance

The BAC Group has established a risk framework (the "Risk Framework"), which serves as the foundation for consistent and effective management of the risks facing BAC and its subsidiaries (including the Company). The Risk Framework sets forth roles and responsibilities for the management of risk and provides a blueprint for overall management through delegation of authority, establishes risk appetite and associated limits for our activities.

The Risk Framework applies to all employees of the BAC Group. It provides an understanding of the Company's approach to risk management and each employee's responsibilities for managing risk. All employees must take ownership for managing risk and are accountable for identifying, escalating and debating risks facing the Company. The Risk Framework sets forth roles and responsibilities for the management of risk by FLUs, independent risk management, other CFs and Corporate Audit. The following are the five components of the Company's risk management approach:

- Culture of managing risk well;
- Risk appetite;
- Risk management processes;
- Risk data management, aggregation and reporting; and
- Risk governance.

The risk management processes outlined above allow businesses within the BAC Group (including the Company) to manage risks across the seven key risk types: market, credit, operational, liquidity, reputational, strategic and compliance risks.

Set out below is a summary of the Company's approach to each of the risk types. We note that market, credit and liquidity are considered financial risks.

a. Market risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets and liabilities or otherwise negatively impact earnings. Market risk is composed of price risk and interest rate risk:

Price risk

Price risk is the risk to current or projected financial condition arising from changes in the value of trading portfolios, investment securities or treasury-related funding activities. These portfolios typically are subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk occurs most significantly from market making, dealing and capital markets activity in interest rate, foreign exchange and credit markets.

Foreign Exchange risk

Foreign exchange risk represents exposures to changes in the values of current holdings and future cash flows denominated in currencies other than the functional currency of the Company. The types of instruments exposed to this risk include foreign currency-denominated loans and securities, future cash flows in foreign currencies arising from foreign exchange transactions, foreign currency-denominated debt and various foreign exchange derivatives whose values fluctuate with changes in the level or volatility of currency exchange rates.

Interest rate risk

Interest rate risk is the risk to current or projected financial condition arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (repricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products or investment securities (options risk).

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

Interest rate risk and credit spread risk in the banking book

Interest rate risk and credit spread risk in the banking book is the risk to the Company's current or anticipated earnings or capital arising from adverse movements in interest rates and/or credit spreads. Changes in interest rates and credit spread affect the Company's earnings and capital by impacting its projection of net interest income and the underlying economic value of its assets, liabilities and off-balance sheet items (economic value of equity).

Gap risk results from the term structure of interest rate sensitive instruments that arises from differences in the timing of their rate changes, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by period (non-parallel). Basis risk arises from the impact of relative changes in interest rates on interest rate sensitive instruments that have similar tenors but are priced using different interest rate indices. Interest rate risk arises in the Company's banking book from differences in repricing, rate and maturity characteristics between its assets and liabilities.

BofA Europe's sensitivity to interest rates is primarily driven by the deployment of non-interest-bearing capital in interest bearing assets that are primarily floating rate in nature. The Company has Interest Rate Risk in the Banking Book (IRRBB) risk management strategies in place to maintain interest rate risk within established Risk Appetite Statement (RAS) limits.

Market risk measurement

At the asset and liability level, market risk is assessed by evaluating the impact of individual risk factors on individual exposures. At the aggregate level, price risk is assessed primarily through risk models, including Value at Risk ("VaR") models. The Company's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the banking book is also assessed.

Value at Risk

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. A single model is used consistently across the trading portfolios, and it uses a historical simulation approach based on a three - year window of historical data. The primary VaR statistic is equivalent to a 99% confidence level. This means that for a VaR with a one day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

The table that follows presents the Company's average and year-end VaR for 2025 and 2024. Additionally, high and low VaR is presented independently for each risk category and overall.

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

	Year end 2025 \$000	High 2025 \$000	Average 2025 \$000	Low 2025 \$000
99% Daily VaR				
Credit risk	6,767	14,213	9,350	6,582
Currency risk	1,667	4,192	1,242	624
Interest rate risk	1,473	5,684	2,360	1,473
Total	6,870	14,968	9,709	6,667
	Year end 2024 \$000	High 2024 \$000	Average 2024 \$000	Low 2024 \$000
99% Daily VaR				
Credit risk	13,299	13,595	9,471	7,726
Currency risk	1,342	2,659	1,202	382
Interest rate risk	2,293	4,154	2,727	1,756
Total	13,659	14,042	10,431	8,100

In addition to VaR measures, the market risk department utilises a range of other risk measures including sensitivity analysis and stress testing to monitor exposures and manages them using a robust set of limits.

Non – Trading Currency Exposure Sensitivity

The Company monitors its non–trading currency exposure and hedges the exposure arising from non-functional currency balances from line of business or Corporate Treasury activities as well as corporate and overhead items outside of the functional currency of an entity.

b. Credit risk

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk is created when the Company commits to, or enters into, an agreement with a borrower or counterparty. The Company defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives, and other extensions of credit.

Credit risk management

The Company manages credit risk to a borrower or counterparty based on its risk profile, which includes assessing repayment sources, underlying collateral if any and the expected effects of the current and forward-looking economic environment on the borrower or counterparty. Credit exposure is proactively reassessed as a borrower's or counterparty's risk profile changes.

In its commercial FLUs, the Company uses a number of actions to mitigate losses, including increased frequency and intensity of portfolio monitoring and governance for moderate to weak risk profiles, hedging, and transferring management of deteriorated commercial exposures to special asset officers.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

41. RISK MANAGEMENT (CONTINUED)

Credit risk management includes the following processes:

- Credit origination;
- Portfolio management;
- Loss mitigation activities;
- Establishing the allowance for credit losses, which is a reserve for expected credit losses over the life of the Company's lending commitments; and
- Credit risk reporting and governance

These processes create a comprehensive and consolidated view of the Company's credit risks, thus providing senior management with the information required to guide or redirect FLUs and undertake certain legal entity actions if necessary.

The primary credit risks of the Company relate to its commercial lending activities. The Company also has credit risk from its derivatives exposure.

Commercial lending

The Company's commercial lending activities consist primarily of corporate and institutional lending, in addition to certain asset backed and secured lending. Depending on market conditions, the Company may seek to mitigate or reduce loan exposure through third party syndications, securitisations, secondary loan sales or the purchase of single name and basket credit default swaps.

The Company typically provides drawn and committed but undrawn corporate and institutional lending facilities to clients for general corporate purposes, backup liquidity lines, bridge financings, and acquisition related activities. While these facilities may be supported by credit enhancing arrangements such as property liens or claims on operating assets, the Company generally expects repayment through other sources including cash flow and/or recapitalisation. Asset backed and other secured finance facilities are typically secured by assets such as commercial mortgages, residential mortgages, auto loans, leases, consumer loans and other receivables. Credit assessment for these facilities relies primarily on the amount, asset type, quality, and liquidity of the supporting collateral, as the performance of the collateral and/or associated cash flows are the expected source of repayment.

Impaired loans are measured based on the present value of payments expected to be received, observable market prices or, where applicable, the value of any collateral that the Company would expect to realise.

Derivatives trading

The Company enters into ISDA master agreements or their equivalent ("master netting agreements") with derivative counterparties. Master netting agreements provide risk mitigation in bankruptcy in certain circumstances and can, in some cases, enable receivables and payables with the same counterparty to be offset when closing out the trades upon event of default. Master Netting Agreements are standardised in the industry but are negotiated bilaterally with some terms, credit terms in particular negotiated by the parties. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes.

In addition, to reduce the risk of loss in the event of counterparty default, the Company usually requires collateral documented in the credit support annex ("CSA") to an ISDA. From an economic standpoint, the Company evaluates risk exposures net of related collateral that meets specified standards. The Company also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable it to terminate or reset the terms of the derivative contracts under certain defined conditions.

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41. RISK MANAGEMENT (CONTINUED)

The Company facilitates client activity in credit, rates, FX and financially settled commodity derivatives, with the associated market risk largely transferred to affiliates for management.

Credit quality analysis

The following table analyses the gross carrying amount of and maximum exposure to credit risk on the Company's financial assets, loan commitments and financial guarantee contracts subject to impairment by its staging within the impairment process and external credit rating or internal equivalent thereof. Where there is no rating, the balances are classified as not rated. Credit ratings presented reflect the latest available rating information.

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2025	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash held at central banks	17,844	6,079	—	—	23,923	—	23,923
Reverse repurchase agreements	592	23,667	—	—	24,259	—	24,259
Market and other receivables	51	1,510	328	105	1,994	—	1,994
Loans and advances to banks	—	8,541	649	5	9,195	(2)	9,193
Loans and advances to customers	8,950	12,828	9,593	400	31,771	(124)	31,647
Investment securities - debt	—	2,318	—	—	2,318	—	2,318
	27,437	54,943	10,570	510	93,460	(126)	93,334
Guarantees and commitments	877	42,676	14,944	24	58,521	(171)	58,350
	28,314	97,619	25,514	534	151,981	(297)	151,684

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

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41. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2025	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 1							
Cash held at central banks	17,844	6,079	—	—	23,923	—	23,923
Reverse repurchase agreements	592	23,667	—	—	24,259	—	24,259
Market and other receivables	51	1,510	328	105	1,994	—	1,994
Loans and advances to banks	—	8,541	649	5	9,195	(2)	9,193
Loans and advances to customers	8,950	12,728	6,161	400	28,239	(21)	28,218
Investment securities - debt	—	2,318	—	—	2,318	—	2,318
Guarantees and commitments	877	42,676	7,606	24	51,183	(28)	51,155
	<u>28,314</u>	<u>97,519</u>	<u>14,744</u>	<u>534</u>	<u>141,111</u>	<u>(51)</u>	<u>141,060</u>

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2025	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 2							
Loans and advances to banks	—	—	—	—	—	—	—
Loans and advances to customers	—	91	3,201	—	3,292	(69)	3,223
Guarantees and commitments	—	—	7,122	—	7,122	(129)	6,993
	<u>—</u>	<u>91</u>	<u>10,323</u>	<u>—</u>	<u>10,414</u>	<u>(198)</u>	<u>10,216</u>

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2025	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 3							
Loans and advances to customers	—	9	231	—	240	(34)	206
Guarantees and commitments	—	—	216	—	216	(14)	202
	<u>—</u>	<u>9</u>	<u>447</u>	<u>—</u>	<u>456</u>	<u>(48)</u>	<u>408</u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

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41. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2025	\$M	\$M	\$M	\$M	\$M	\$M	\$M
POCI							
Loans and advances to customers	—	—	11	—	11	(1)	10
Guarantees and commitments	—	—	112	—	112	(7)	105
	<u>—</u>	<u>—</u>	<u>123</u>	<u>—</u>	<u>123</u>	<u>(8)</u>	<u>115</u>

POCI balances of \$123M (2024: \$233M) are included in the Stage 3 balances of \$456M (2024: \$547M)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2024	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Cash held at central banks	18,656	4,419	2	—	23,077	—	23,077
Reverse repurchase agreements	95	12,017	—	—	12,112	—	12,112
Market and other receivables	—	1,954	84	18	2,056	—	2,056
Loans and advances to banks	—	7,290	684	2	7,976	(3)	7,973
Loans and advances to customers	7,165	13,855	8,317	88	29,425	(90)	29,335
Investment securities - debt	—	2,134	—	—	2,134	—	2,134
	<u>25,916</u>	<u>41,669</u>	<u>9,087</u>	<u>108</u>	<u>76,780</u>	<u>(93)</u>	<u>76,687</u>
Guarantees and commitments	196	36,664	9,942	264	47,066	(132)	46,934
	<u>26,112</u>	<u>78,333</u>	<u>19,029</u>	<u>372</u>	<u>123,846</u>	<u>(225)</u>	<u>123,621</u>

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2024	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 1							
Cash held at central banks	18,656	4,419	2	—	23,077	—	23,077
Reverse repurchase agreements	95	12,017	—	—	12,112	—	12,112
Market and other receivables	—	1,954	84	18	2,056	—	2,056
Loans and advances to banks	—	7,290	417	2	7,709	(2)	7,707
Loans and advances to customers	7,165	13,805	5,733	88	26,791	(17)	26,774
Investment securities - debt	—	2,134	—	—	2,134	—	2,134
Guarantees and commitments	196	36,423	5,847	264	42,730	(29)	42,701
	<u>26,112</u>	<u>78,042</u>	<u>12,083</u>	<u>372</u>	<u>116,609</u>	<u>(48)</u>	<u>116,561</u>
	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2024	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 2							
Loans and advances to banks	—	—	267	—	267	(1)	266
Loans and advances to customers	—	47	2,186	—	2,233	(41)	2,192
Guarantees and commitments	—	241	3,949	—	4,190	(95)	4,095
	<u>—</u>	<u>288</u>	<u>6,402</u>	<u>—</u>	<u>6,690</u>	<u>(137)</u>	<u>6,553</u>
	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2024	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Stage 3							
Loans and advances to customers	—	3	398	—	401	(32)	369
Guarantees and commitments	—	—	146	—	146	(8)	138
	<u>—</u>	<u>3</u>	<u>544</u>	<u>—</u>	<u>547</u>	<u>(40)</u>	<u>507</u>

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**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	ECL	Maximum exposure
31 December 2024	\$M	\$M	\$M	\$M	\$M	\$M	\$M
POCI							
Loans and advances to customers	—	—	131	—	131	(3)	128
Guarantees and commitments	—	—	102	—	102	(7)	95
	—	—	233	—	233	(10)	223

Collateral held and other credit enhancements

The Company holds collateral or other credit enhancements against its credit risk associated with certain of its financial assets and commitments. The following table reflects by asset class of financial instrument the amount that best represents the Company's maximum exposure to credit risk and a quantification of the extent to which collateral and other credit enhancements mitigate credit risk as viewed by management.

Financial assets subject to impairment that are not credit impaired at the reporting date

	2025	2024
	Maximum exposure to credit risk	Maximum exposure to credit risk
	\$M	\$M
Cash at Central Banks	23,923	23,077
Reverse Repurchase Agreements	24,259	12,112
Market and Other Receivables	1,994	2,056
Loans and advances to banks	9,193	7,973
Loans & Advances Customers	31,441	28,966
Investment Securities at FVOCI	2,318	2,134
	93,128	76,318
Guarantees and commitments	58,148	46,796
	151,276	123,114

Identifiable mitigation in relation to "Loans and advances to customers" include collateral (movable and immovable property and financial securities) and financial guarantees.

Identifiable mitigation in relation to "Guarantees and commitments" include financial guarantees received.

For loans and advances, the Company may request that corporate borrowers provide collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. In general, the Company updates the valuation of the collateral held against all loans to corporate customers when appropriate, as its focus is on the overall creditworthiness of the customer. Valuation of collateral for these loans is updated when a loan is put on a watch list for closer monitoring. For credit impaired loans, the Company obtains appraisals of collateral (if required).

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41. RISK MANAGEMENT (CONTINUED)

Market and other receivables primarily represent receivables to collateral posted by the Company to cover derivative liabilities or other short-term receivables as a result of pending trade settlements. Credit risk on these positions is mitigated to the extent of the offsetting short trading position or the value of the underlying unsettled bond transaction.

The following table sets out the carrying amount of credit impaired financial assets and the value of identifiable collateral and other credit mitigants.

	Maximum exposure \$M	Identifiable collateral \$M	Other credit mitigants \$M
31 December 2025			
Stage 3			
Loans and advances to customers	206	187	—
Guarantees and commitments	202	—	—
	<u>408</u>	<u>187</u>	<u>—</u>
POCI assets			
Loans and advances to customers	10	10	—
Guarantees and commitments	105	—	—
	<u>115</u>	<u>10</u>	<u>—</u>
31 December 2024			
Stage 3			
Loans and advances to customers	369	241	—
Guarantees and commitments	138	—	—
	<u>507</u>	<u>241</u>	<u>—</u>
POCI assets			
Loans and advances to customers	128	127	—
Guarantees and commitments	95	—	—
	<u>223</u>	<u>127</u>	<u>—</u>

The amount of identifiable collateral included above is limited to the total loan exposure to illustrate the Company's credit risk mitigation on these positions at the year end. Actual identifiable collateral values may exceed the total loan exposure that the Company holds. For credit impaired loans, the Company obtains appraisals of collateral (if required).

For all asset classes, where credit risk mitigation available exceeds the maximum exposure to credit risk, the mitigated credit risk balance is limited to 100% of the maximum exposure to credit risk.

The Company did not obtain any financial or non-financial assets through taking possession of collateral held as security against loans and advances.

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

Financial instruments measured at FVPL

	2025	2025	2024	2024
	Maximum exposure to credit risk	Identifiable mitigation	Maximum exposure to credit risk	Identifiable mitigation
	\$M	\$M	\$M	\$M
Reverse repurchase agreements	558	558	526	526
Trading assets	1,555	317	1,525	261
Derivative financial instruments	4,750	3,294	2,931	1,955
Loans and advances to banks	589	589	471	471
Loans and advances to customers	4,068	3,056	2,943	2,445
	11,520	7,814	8,396	5,658
Guarantees and commitments	4,651	22	2,746	15
	16,171	7,836	11,142	5,673

For Loans and advances to customers, the nature of collateral being held is already discussed under, "Financial assets subject to impairment that are not credit impaired"

Trading assets represent primarily traded positions corporate loans and other bonds and securities. Certain traded loan positions are secured against real estate or other assets, and the Company monitors the value of the underlying collateral in determining the fair value of the position.

The Company mitigates the credit risk of derivatives and reverse sale and repurchase agreements by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

The Company mitigates the credit risk exposure for certain loans and loan commitments managed on a fair value basis by purchasing credit risk protection in the form of credit derivatives. As at 31 December 2025, these derivative contracts provided notional principal protection of \$5,228 million (2024: \$3,892 million).

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

Concentrations of credit risk

The Company monitors concentration of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments and guarantees are shown below.

	Loans and advances to banks	Loans and advances to customers	Reverse repurchase agreements	Debt financial instruments at FVOCI	Guarantees and commitments
	\$M	\$M	\$M	\$M	\$M
As at 31 December 2025					
Gross amount	9,784	35,839	24,817	2,318	—
Amount committed / guaranteed	—	—	—	—	63,172
	9,784	35,839	24,817	2,318	63,172
Portfolio concentration by geography					
Austria	24	105	—	—	1,078
Belgium	8	558	—	—	1,210
Denmark	—	447	—	—	2,016
France	711	3,459	5,782	87	12,946
Germany	2	2,076	—	—	9,189
Ireland	78	2,577	—	—	1,515
Italy	272	2,120	141	—	2,524
Jersey	—	607	—	—	257
Luxembourg	2	6,633	—	—	2,308
Netherlands	1	2,837	—	—	4,612
Norway	67	11	—	—	894
Saudi Arabia	622	891	—	—	665
Spain	2	856	967	—	2,369
Sweden	398	495	—	—	2,349
Switzerland	—	1,432	—	—	3,469
Turkey	226	203	—	—	75
UAE	380	522	—	—	364
UK	5,815	8,023	639	2,231	12,249
USA	308	509	17,288	—	1,104
Other	868	1,478	—	—	1,979
	9,784	35,839	24,817	2,318	63,172
Portfolio concentration by sector					
Central banks	—	2	—	—	—
Central governments	—	88	—	2,318	258
Non-financial corporations	—	16,456	—	—	43,796
Credit institutions	9,784	—	19,235	—	782
Other financial corporations	—	19,293	5,582	—	18,336
	9,784	35,839	24,817	2,318	63,172

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**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

	Loans and advances to banks	Loans and advances to customers	Reverse repurchase agreements	Debt financial instruments at FVOCI	Guarantees and commitments
	\$M	\$M	\$M	\$M	\$M
As at 31 December 2024					
Gross amount	8,447	32,368	12,638	2,134	—
Amount committed / guaranteed	—	—	—	—	49,812
	<u>8,447</u>	<u>32,368</u>	<u>12,638</u>	<u>2,134</u>	<u>49,812</u>
Portfolio concentration by geography					
Austria	22	42	—	—	563
Belgium	3	229	—	—	1,079
Denmark	—	888	—	—	1,784
France	564	4,005	1,356	128	8,669
Germany	—	1,061	—	—	6,879
Ireland	94	2,624	95	—	1,142
Italy	259	1,723	277	—	2,027
Jersey	—	732	—	—	285
Luxembourg	—	5,141	—	—	1,834
Netherlands	—	1,613	—	—	4,522
Norway	114	180	—	—	383
Saudi Arabia	402	876	—	—	815
Spain	2	839	1,136	—	2,053
Sweden	387	501	—	—	2,096
Switzerland	—	1,561	—	—	2,371
Turkey	267	197	—	—	17
UAE	311	451	—	—	421
UK	5,182	7,691	—	2,006	10,485
USA	167	415	9,774	—	482
Other	673	1,599	—	—	1,905
	<u>8,447</u>	<u>32,368</u>	<u>12,638</u>	<u>2,134</u>	<u>49,812</u>
Portfolio concentration by sector					
Central banks	—	—	—	—	—
Central governments	—	58	—	2,134	320
Non-financial corporations	—	16,884	—	—	35,332
Credit institutions	8,447	—	11,741	—	1,088
Other financial corporations	—	15,426	897	—	13,072
	<u>8,447</u>	<u>32,368</u>	<u>12,638</u>	<u>2,134</u>	<u>49,812</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

41. RISK MANAGEMENT (CONTINUED)

Past due status of customer receivables

For customer receivables (part of the market and other receivables balance), the Company calculates loss allowance based on a provision matrix, as the short-term nature of the positions are such that the past due status is the primary driver in the loss-calculation (adjusted as relevant for available forward-looking information). At 31 December 2025 there were nil customer receivables past due (2024: Nil)

Security and collateral

At 31 December 2025, the fair value of financial assets accepted as collateral that the Company is permitted to use, sell or repledge in the absence of default was \$24,817 million (2024: \$13,981 million). The actual fair value of financial assets accepted as collateral that have been used, sold or repledged was \$246 million (2024: \$1,418 million). The collateral obtained is composed of cash and government and agency securities. The Company is obliged to return cash or equivalent securities as appropriate.

The collateral pledged is in the form of cash. At 31 December 2025, the Company had delivered cash collateral of \$952 million (2024: \$1,314 million) against contractual commitments under derivative liability positions.

c. Operational risk and Compliance risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, people or external events. The Company has designed an operational risk management programme that seeks to anticipate and assess operational risks and respond to these risks should they materialise.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Company arising from the failure of the Company to comply with the requirements of applicable laws, rules and regulations or its internal policies and procedures. The Company has no appetite for violations of legislative or regulatory requirements. The Company established a compliance risk management programme that seeks to anticipate and assess compliance risks and respond to these risks should they materialise.

Operational risk and compliance risk management process

The Company is committed to maintaining strong operational risk and compliance risk management practices across all FLUs and CFs. The Company manages operational risk and compliance risk in an ever changing and complex regulatory environment, and with the evolving products, services and strategies offered by its FLUs. The Company has an integrated set of processes and controls to manage external and internal risks, including metrics and monitoring, testing and risk assessment processes.

FLUs and CFs are first and foremost responsible for managing all aspects of their businesses, including their operational risks and compliance risks. FLUs and CFs are required to understand their business processes and related risks and controls, including third party dependencies, related regulatory requirements, and monitor and report on the effectiveness of the control environment. In order to actively monitor and assess the performance of their processes and controls, they must conduct quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. FLUs and CFs must also adhere to Operational Risk Appetite and Compliance Risk Appetite limits to meet strategic, capital and financial planning objectives. Finally, FLUs and CFs are responsible for the proactive identification, management, and escalation of operational risks and compliance risks across the Company.

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

d. Liquidity risk

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers, under a range of economic conditions.

Liquidity risk management

The Company's Liquidity Risk Policy ("LRP") defines the approach to managing the Company's liquidity, aligned to group processes and tailored to meet its business mix, strategy, activity profile, risk appetite and regulatory requirements and is approved by the Board. The MRC reviews and recommends Risk Appetite limits to the BRC, which in turn reviews and recommends to the Board for approval.

Each of the FLUs are accountable for managing liquidity risk within the Company's Liquidity Risk Appetite. Global Risk Management ("GRM"), a second line of defence, provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of the Company's liquidity risk management processes.

GRM works with Treasury and the LoBs to monitor actual and forecast liquidity and funding requirements with a focus on limit utilisation and trends, and any change in business / market behaviour may require a change in liquidity risk management.

The LRP further describes the liquidity risk roles and responsibilities including requirements for liquidity risk limits, stress testing, analytics and reporting, and recovery and resolution planning.

Liquidity risk governance

The Board provides oversight of the Company's liquidity risk profile and at least annually, approves the Company's Risk Appetite Statement, which sets forth the level of liquidity risk that the Company may assume in connection with the Strategic and Capital Plan through the Company Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process ("ILAAP"). The Board periodically reviews the liquidity risk management strategies, policies, and procedures described in the Risk Appetite Statement and the LRP.

The BRC is responsible for overseeing the Company's overall Risk Framework, performance against the risk appetite and the Company CEO, the CRO and senior management's identification of, measurement of, monitoring of and control of key risks. At least quarterly senior management reports on the Company's liquidity risk profile and liquidity risk appetite to the BRC.

The MRC provides management oversight of liquidity risk of the Company's activities. The MRC is responsible for holistic risk management, including an integrated evaluation of risk, earnings, capital and liquidity. The monitoring of performance against the Company's Risk Appetite Statement is carried out on an ongoing basis and reported to the MRC and BRC on a regular basis. Performance is also communicated regularly to the Board.

GRM is responsible for maintaining a liquidity risk limits framework to ensure that the entity is managed within its liquidity risk appetite. Liquidity risk limits and indicators are classified as:

- Board-owned risk appetite
- MRC-owned management level risk appetite
- Non-risk appetite
- Risk indicators

Limits are monitored and reported daily and a clear escalation path to Senior Management, ALCO, MRC, BRC, and the Board by limit category and breach type exists.

**NOTES TO THE FINANCIAL STATEMENTS
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41. RISK MANAGEMENT (CONTINUED)

Liquidity risk reporting

Daily liquidity reporting enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Regular liquidity risk reports are sent to the Board, the BRC, and Senior Management.

The tables below represent the undiscounted cash flows of the Company's financial liabilities as at 31 December 2025 and 31 December 2024, with the exception of those held for trading and financial liabilities designated at fair value, for which the fair value has been disclosed as this is consistent with the values used in the liquidity risk management of these instruments:

	On demand	Less than 3 months	Due between 3 months and 1 years	Due between 1 years and 5 years	Due after 5 years	Total
31 December 2025 Non-Trading Financial Liabilities	\$M	\$M	\$M	\$M	\$M	\$M
Deposits by banks	909	4,978	576	22,010	—	28,473
Deposits by customers	25,875	7	1,780	23,858	2,291	53,811
Repurchase agreements	—	—	—	144	—	144
Market and other payables	1,622	—	—	—	—	1,622
Debt securities	—	745	493	—	—	1,238
Financial liabilities designated at fair value	808	—	—	—	—	808
Lease liabilities	—	—	24	54	21	99
	29,214	5,730	2,873	46,066	2,312	86,195
Guarantees and commitments	63,172	—	—	—	—	63,172
	92,386	5,730	2,873	46,066	2,312	149,367
Trading liabilities						
Derivative financial instruments	5,898	—	—	—	—	5,898

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41. RISK MANAGEMENT (CONTINUED)

	On demand	Less than 3 months	Due between 3 months and 1 years	Due between 1 years and 5 years	Due after 5 years	Total
31 December 2024 Non-Trading Financial Liabilities	\$M	\$M	\$M	\$M	\$M	\$M
Deposits by banks	614	4	—	15,125	—	15,743
Deposits by customers	24,874	—	679	18,455	2,000	46,008
Repurchase agreements	128	—	—	—	—	128
Market and other payables	1,565	—	—	—	—	1,565
Debt securities	—	353	823	—	—	1,176
Financial liabilities designated at fair value	238	—	—	—	—	238
Lease liabilities	—	—	22	50	20	92
	<u>27,419</u>	<u>357</u>	<u>1,524</u>	<u>33,630</u>	<u>2,020</u>	<u>64,950</u>
Guarantees and commitments	49,812	—	—	—	—	49,812
	<u>77,231</u>	<u>357</u>	<u>1,524</u>	<u>33,630</u>	<u>2,020</u>	<u>114,762</u>
Trading liabilities						
Derivative financial instruments	3,809	—	—	—	—	3,809

The Company has recorded all derivative financial instrument liabilities in the "on demand" category to reflect the common market practice of terminating such liabilities at fair value upon a client's request, although the Company is generally not contractually obliged to do so. The Company considers it unlikely that, in any given period, all of the liabilities will unwind in the short-term. The Company actively manages the term/ maturity of asset positions to ensure appropriately balanced cash flows. Guarantees and commitments and financial liabilities designated at fair value are shown on the basis of the earliest date they can be called. All other figures show contractual maturities.

For maturity analysis on financial assets, please refer to notes from note 18 to note 21.

e. Reputational risk

Reputational risk is the risk that negative perception of BofA Europe may materially impact its financial condition.

Bank of America Corporation (BAC), including its subsidiaries, manages reputational risk through established policies and controls in the business and risk management processes to mitigate reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events.

Ultimately, to ensure that Reputational risk is mitigated through regular business activity, monitoring and oversight of Reputational risk is integrated into the overall governance process.

Given the nature of Reputational risk, BofA Europe, aligned with BAC does not set quantitative limits for the level of acceptable risk. Through risk management, BofA Europe seeks to minimise both the frequency and impact of reputational risk events.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

41. RISK MANAGEMENT (CONTINUED)

At the Bank of America enterprise level, reputational risk is reviewed by the Bank of America Enterprise Risk Committee (“Bank of America ERC”), which is a board committee that reports to the Bank of America Board of Directors, and the Bank of America Management Risk Committee (“Bank of America MRC”), which provide primary oversight of reputational risk. Additionally, top reputational risks are reviewed by the GRM leadership team and the Bank of America Board of Directors.

Reputational risk items relating to BofA Europe are under the remit of the EMEA Business Escalation Committee, a sub-committee of the Global Business Escalation Committee whose mandate includes consideration of reputational risk issues and provision of guidance and approvals for activities that represent specific or elevated levels of risks which have been referred for discussion by other current control frameworks or lines of business.

Matters that should be considered for submission to the applicable oversight committee are detailed in the Reputational Risk – Enterprise Policy.

Items presented to the EMEA Business Escalation Committee include detail such as description of the reputational risk issue, geographical jurisdiction of the issue, reason for escalation and decision reached by the Committee. BofA Europe related items which have been brought to the committee are also notified to the BofA Europe’s MRC.

Reputational risk ratings are provided to the BofA Europe MRC during committee meetings and in 2025 there were 8 MRC meetings. The risk ratings are reported quarterly at the BofA Europe MRC meetings.

f. Strategic risk

Strategic risk is the risk to current or projected financial condition arising from incorrect assumptions about external or internal factors, inappropriate business plans (e.g. too aggressive, wrong focus, ambiguous), ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments, in the geographic locations in which the Company operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

The Company considers strategic risk within the context of overall risk appetite, in the strategic planning process which feeds into the capital, liquidity and financial planning processes throughout the year. The Company continuously evaluates the internal and external environment, including the perspective of external experts, and its strengths, weaknesses, opportunities, and threats.

The Company tracks performance to the strategic plan and analyses progress throughout the year. Senior management continuously monitors business performance throughout the year with several existing processes ranging from the monitoring of financial and operating performance, to the management of the Company’s Recovery Plan and the regular assessment of earnings and risk profile. Senior management provides the Board with reports on progress in meeting the Strategic Plan, as well as whether timelines and objectives are being met and if additional or alternative actions need to be implemented.

The Board is responsible for overseeing the strategic planning process and senior management’s execution of the resulting strategic plan. The strategic plan is reviewed and approved annually by the Board and informs the capital plan, financial operating plan, liquidity requirements and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures and recovery and resolution plans are reviewed and approved by the Board as required.

Processes exist to discuss the strategic risk implications of new, expanded or modified businesses, products or services and other strategic initiatives, and to provide formal review and approval where required.

The Board is also responsible for overseeing the capital planning process. Capital plans are reviewed and approved annually by the Board in consideration of the entity’s overall strategic plans, financial operating plans and risk appetite.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

41. RISK MANAGEMENT (CONTINUED)

GRM, Corporate Audit and other CFs provide input, challenge and oversight to front line unit strategic plans, initiatives and capital plans relating to the Company.

g. Capital management risk

The Company's objective when managing capital is to ensure sufficient level and composition of capital to support the Company's business activities and associated risk during both normal economic environment and under stress conditions.

A strong capital position is essential to the Company's business strategy and competitive position, this is supported through its capital management framework designed to ensure that the Company is adequately capitalised at all times in relation to:

- Minimum risk-based regulatory capital requirements (Pillar 1 capital set out in Regulation (EU) No 575/2013), Pillar 2 additional own funds requirements set by the ECB, as well as buffer requirements set out in Directive 2013/36/EU and Other Systemically Important Institutions buffer set by the ECB and the CBI. In addition, an internal capital buffer above those prescribed in regulation is also maintained.
- BofA Europe holds \$3.5 billion of MREL and is also subject to Total loss absorbing capacity ("TLAC") requirements.
- The risks faced by the Company through regular review of the current and future business activities.
- Upcoming and future regulations impacting the Company.

The framework used to manage capital within the Company is supported by regular point in time capital calculations and reporting, supplemented by forward looking projection and stress testing. Each step of the process is supported by established controls. This includes bi-weekly, monthly and quarterly reporting to ensure there is sufficient oversight to enable effective management of its capital adequacy position within the Company's risk appetite limits. Escalation of issues are driven by specific triggers. As at the end of the current and prior years the Company exceeded external capital requirements

h. Climate and Environmental Risk

Climate and environmental risks are divided into two major categories, both of which span the Company's seven key risk types:

- *Physical Risk*: Risks related to the physical impacts of climate change and from dependencies on physical environmental factors
- *Transition Risk*: Risks related to the transition to a more sustainable economy (i.e., low-carbon economy and more sustainable environmental practices)

Physical impacts of climate change, such as more frequent and severe extreme weather events, can increase the Company's risks, including credit risk by diminishing borrowers' repayment capacity or collateral values, and operational risk by negatively impacting the Company's facilities, employees, customers, or third parties. Climate-related transition risks may amplify credit risks through the financial impacts of changes in policy, technology, or the market on the Company or the counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk.

The Company embeds climate and environmental risk considerations into its existing risk management programmes.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

42. FAIR VALUE MEASUREMENT

a) Valuation models

In accordance with IFRS 13 - Fair Value Measurement, financial instruments carried at fair value have been categorised into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial instruments are considered Level 1 when valuations are based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company makes use of the portfolio exception and manages certain portfolios of financial instruments (e.g. OTC derivatives and certain structured liabilities) on the basis of net open risk exposure and has elected to estimate the fair value of such portfolios based on the net open risk exposure at the measurement date. Where this is the case, valuation adjustments (e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure) may be necessary to reflect the cost of exiting a larger-than-normal market-size net open risk position. During 2025, there were no significant changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Company's financial position or results of operations

i) Trading assets and Trading liabilities

The fair values of trading assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities. In less liquid markets, market price quotes may not be readily available. Some of these instruments are valued using a net asset value approach, which considers the value of the underlying assets. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

ii) Derivative financial instruments

The fair values of derivative assets and liabilities traded in the OTC market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices, and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. When third party pricing services are used, the methods and assumptions are reviewed by the Company. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors, where appropriate. Derivative assets and liabilities considered Level 3 relate to interest rate swaps and credit default swaps.

In addition, the Company incorporates within its fair value measurements of OTC derivatives a valuation adjustment to reflect the credit risk associated with the net position. Positions are netted by counterparty, and the fair value for net long exposures is adjusted for counterparty credit risk whilst the fair value for net short exposures is adjusted for the Company's own credit risk. The Company also incorporates a funding valuation adjustment within its fair value measurements to include funding costs on uncollateralised derivatives and derivatives where the Company is not permitted to use the collateral it receives. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025

42. FAIR VALUE MEASUREMENT (CONTINUED)

iii) Reverse repurchase agreements

The fair value for certain resale agreements is estimated using a discounted cash flow model which incorporates inputs such as interest rate yield curves. Resale agreements which are measured at fair value, are generally classified as Level 2 in the fair value hierarchy.

iv) Investment securities

1. Debt Securities at FVOCI

The fair value of debt securities at FVOCI are based on both actively traded markets where prices are based on direct market quotes or observed transactions, and markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs. Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, including US government treasury bills and certain non-US sovereign obligations. The Company does not adjust the quoted price for these instruments.

2. Other Investments

The fair value of other investments is determined by using quantitative models that require the use of valuation techniques. As these securities are not actively traded or where quoted prices are available, the Company uses multiple market approaches in valuing such investments. For example, comparable trading multiples and discounted cash flows are used in arriving at the valuation for these positions. The comparables may be used to estimate some of the unobservable inputs that are then incorporated into a discounted cash flow model. Management determines comparable public companies and calculates a trading multiple for each comparable the Company identified using other observable inputs. The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on the Company specific facts and circumstances. Where possible, management corroborates fair value with observations of market transactions of the same underlying instruments between knowledgeable and willing parties in arm's length transactions.

v) Financial Liabilities designated at FVPL

The fair values of Financial Liabilities designated at FVPL are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions.

vi) Loans and Loan Commitments

The fair values of loans and loan commitments are based on market prices, where available, or discounted cash flow analyses using market-based credit spreads of comparable debt instruments or credit derivatives of the specific borrower or comparable borrowers. Results of discounted cash flow analyses may be adjusted, as appropriate, to reflect other market conditions or the perceived credit risk of the borrower.

b) Valuation Framework

In keeping with the prudent application of estimates and management judgment in determining the fair value of assets and liabilities, the Company has in place various processes and controls that include:

- a model validation policy that requires review and approval of quantitative models used for deal pricing, financial statement fair value determination and risk quantification;
- a trading product valuation policy that requires verification of all traded product valuations; and
- a periodic review and substantiation of daily profit and loss reporting for all traded products.

Primarily through validation controls, the Company utilise both broker and pricing service inputs which can and do include both market-observable and internally modelled values and/or valuation inputs. The Company's reliance on this information is affected by the Company's understanding of how the broker and/or pricing service develops its data with a higher degree of reliance applied to those that are more directly observable and lesser reliance applied to those developed through their own internal modelling. For example, broker quotes in less active markets may only be indicative and therefore less reliable. These processes and controls are performed independently of the business.

**NOTES TO THE FINANCIAL STATEMENTS
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42. FAIR VALUE MEASUREMENT (CONTINUED)

c) Financial instruments measured at fair value – Fair value hierarchy

The table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2025 and 31 December 2024.

Fair value measurement as at 31 December 2025

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Reverse repurchase agreements	—	558	—	558
Trading assets	—	981	574	1,555
Derivative financial instruments	—	4,687	63	4,750
Loans and advances to customers	—	3,825	243	4,068
Loans and advances to banks	589	—	—	589
Investment securities	235	2,083	73	2,391
Total assets	824	12,134	953	13,911
Derivative financial instruments	—	5,858	40	5,898
Financial liabilities designated at fair value	—	787	21	808
Other Liabilities	—	2	1	3
Total liabilities	—	6,647	62	6,709

Fair value measurement as at 31 December 2024

	Level 1 \$M	Level 2 \$M	Level 3 \$M	Total \$M
Reverse repurchase agreements	—	526	—	526
Trading assets	—	1,012	513	1,525
Derivative financial instruments	—	2,822	109	2,931
Loans and advances to customers	—	2,703	240	2,943
Loans and advances to banks	—	471	—	471
Investment securities	128	2,006	73	2,207
Total assets	128	9,540	935	10,603
Derivative financial instruments	—	3,721	88	3,809
Financial liabilities designated at fair value	—	210	28	238
Other Liabilities	—	2	—	2
Total liabilities	—	3,933	116	4,049

The amount that the Bank would contractually be required to pay for financial liabilities designated at fair value at maturity is \$4,854mm more than carrying amount (2024: \$2,708mm)

NOTES TO THE FINANCIAL STATEMENTS
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42. FAIR VALUE MEASUREMENT (CONTINUED)

Transfers between levels of the fair value hierarchy are assessed on a quarterly basis and the policy for determining a transfer amount is consistent for transfers in and transfers out.

Transfers into and out of levels of the fair value hierarchy are primarily attributable to changes in the observability of valuation inputs and price transparency.

d) Level 3 fair value measurement

Level 3 derivative contracts primarily relate to interest rate and inflation-linked derivatives that have unobservable model valuation inputs (e.g. unobservable correlation).

Level 3 trading assets and loans primarily relate to loans that have unobservable model valuation inputs.

Level 3 inputs relate to mark to model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. This is true whether the financial instrument is considered a cash security, securitised product or structured derivative.

Classification on Level 3 is a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of Level 3 inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.
- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Company's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.
- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 in the fair value hierarchy.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

42. FAIR VALUE MEASUREMENT (CONTINUED)

i) Reconciliation

The table below presents a reconciliation of all Level 3 financial instruments measured at fair value. Level 3 assets were \$953 million as of 31 December 2025 (2024: \$935 million) and represented 7% (2024: 9%) of assets measured at fair value. Level 3 liabilities were \$61 million as of 31 December 2025 and represented 1% (2024: \$116 million 3%) of liabilities measured at fair value.

	Trading assets \$M	Derivative assets \$M	Loans and advances to customers \$M	Investment securities \$M	Derivative liabilities \$M	Financial liabilities designated at fair value \$M	Total \$M
Balance at 1 January 2025	513	109	240	73	(88)	(28)	819
Total gains/(losses) recognised within the income statement ⁽¹⁾	192	(6)	4	—	8	7	205
Purchases	929	—	—	—	—	—	929
Sales	(657)	—	—	—	—	—	(657)
Issuances	36	—	23	—	—	—	59
Settlements	(477)	(13)	(67)	—	13	—	(544)
Transfer into Level 3	181	1	43	—	(1)	—	224
Transfer out Level 3	(143)	(28)	—	—	28	—	(143)
Balance at 31 December 2025	574	63	243	73	(40)	(21)	892
Unrealised gains/ (losses)	55	(6)	4	—	8	7	68

¹Includes gains (losses) reported in earnings in Net Gains from Trading and other Financial Instruments at fair value through profit or loss. (Note 6):

The transfers into Level 3 from Level 2 during the year were due to lack of observable market pricing data subsequent to purchase. The transfers out of Level 3 to Level 2 during the year were due to increased availability of observable pricing data on underlying positions.

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
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42. FAIR VALUE MEASUREMENT (CONTINUED)

	Trading assets \$M	Derivative assets \$M	Loans and advances to customers \$M	Investment securities \$M	Derivative liabilities \$M	Financial liabilities designated at fair value \$M	Total \$M
Balance at 1 January 2024	479	188	235	47	(172)	(5)	772
Total gains/(losses) recognised within the income statement	47	(22)	—	48	29	(22)	80
Purchases	321	1	—	—	(1)	—	321
Sales	(183)	—	—	(22)	—	—	(205)
Issuances	27	—	9	—	—	—	36
Settlements	(293)	(58)	(4)	—	56	—	(299)
Transfer into level 3	168	—	—	—	—	—	168
Transfer out of level 3	(39)	—	—	—	—	(1)	(40)
Transfers between businesses	(14)	—	—	—	—	—	(14)
Balance at 31 December 2024	513	109	240	73	(88)	(28)	819
Unrealised (losses)/gains	(23)	(22)	—	40	30	(22)	3

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

42. FAIR VALUE MEASUREMENT (CONTINUED)

ii) Unobservable inputs used in measuring fair value
31 December 2025

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Unit	Range of Input	Input Weighted Average	Fair Value Assets	Fair Value Liabilities
						\$M	\$M
Trading Assets—backed by commercial real estate assets	Discounted cash flow	Yield	%	0% to 5%	2%	140	(8)
		Price	\$	\$0 to \$100	\$42		
Loans and advances to Customers and Trading Assets – commercial loans	Discounted cash flow, Market comparables	Yield	%	4% to 24%	13%	677	(14)
		Prepayment speed	%	20%	n/a		
		Default rate	%	2%	n/a		
		Loss severity	%	30%	n/a		
		Price	\$	\$0 to \$137	\$67		
Equities (Classified within Investment Securities)	Discounted cash flow, Market comparables	Price	%	\$10 to \$95	\$84	73	
		Yield	%	8% to 11%	9%		
		Weighted-average life, fixed rate	%	0 to 14 years	6 years		
		Weighted-average life, variable rate	%	0 to 11 years	4 years		
		Option-adjusted spread, fixed rate	\$	7% to 14%	9%		
		Option-adjusted spread, variable rate		9% to 15%	12%		
Derivative Financial Instruments (Interest Rate Derivatives)	Industry standard derivative pricing	Correlation (IR/IR)	%	(35)% to 70%	45%	46	(38)
		Correlation (FX/IR)	%	(5)% to 58%	26%		
		Long-dated inflation rates	%	(1)% to 20%	2%		
		Long-dated inflation volatilities	%	5%	n/a		
		Interest rate volatilities	%	(1)% to 1%	0%		
Derivative Financial Instruments (Commodity Derivatives)	Discounted cash flow	Natural gas forward price		\$2/MMBtu to \$6/MMBtu	\$3/MMBtu	2	(2)
		Commodities volatilities		49% to 53%	1		
		Power forward price		29% to 134%	1		
Derivative Financial Instruments (Credit derivatives)	Market comparable, Discounted cash flow, Stochastic recovery correlation model	Credit spreads	Points	5 to 245bps	36bps	15	
		Default rate	%	2% CDR	n/a		
		Credit correlation	%	40% to 74%	67%		
		Price	\$	\$0 to \$111	\$106		

BANK OF AMERICA EUROPE DESIGNATED ACTIVITY COMPANY

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

42. FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2024

Financial Instrument	Valuation Technique	Significant Unobservable Inputs	Unit	Range of Input	Input Weighted Average	Fair Value	Fair Value
						Assets	Liabilities
						\$M	\$M
Trading Assets—backed by commercial real estate assets	Discounted cash flow	Yield	%	1%	n/a	183	—
		Price	\$	\$0 to \$103	84%		
Loans and advances and traded loans – commercial loans	Discounted cash flow, Market comparables	Yield	%	4% to 37%	—	570	(28)
		Prepayment speed	%	—	n/a		
		Default rate	%	—	n/a		
		Loss severity	%	—	n/a		
		Price	\$	\$0 to \$135	\$69		
Equities (Investment Securities)	Discounted cash flow, Market comparables	Price	%	\$10 to \$95	\$86	73	
		Yield	%	8% to 11%	9%		
		Weighted-average life, fixed rate	%	0 to 13 years	6 years		
		Weighted-average life, variable rate	%	0 to 12 years	3 years		
		Option-adjusted spread, fixed rate	\$	7% to 14%	9%		
		Option-adjusted spread, variable rate		9% to 15%	11%		
Derivative Financial Instruments (Interest Rate Derivatives)	Industry standard derivative pricing	Correlation (IR/IR)	%	(35)% to 70%	50%	72	(62)
		Correlation (FX/IR)	%	(25)% to 58%	27%		
		Long-dated inflation rates	%	(1)% to 21%	3%		
		Long-dated inflation volatilities	%	0% to 5%	3%		
		Interest rate volatilities	%	(1)% to 1%	0%		
Derivative Financial Instruments (Credit derivatives)	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	Points	3 to 298bps	63bps	37	(29)
		Prepayment speed	%	15% CPR	n/a		
		Default rate	%	2% CDR	n/a		
		Credit correlation	%	29% to 63%	49%		
		Price	\$	\$0 to \$99	\$94		

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2025**

42. FAIR VALUE MEASUREMENT (CONTINUED)

The tables above provide information on the valuation techniques, significant unobservable inputs and their ranges for each major category of assets and liabilities measured at fair value on a recurring basis with a significant Level 3 balance.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. The ranges calculated are at a BAC Group level. The Company is within or at those ranges.

The Company uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example: market comparables and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparables may be used to estimate some of the unobservable inputs and then these inputs are incorporated into a discounted cash flow model. Therefore, the balances disclosed encompass both of these techniques.

Loans and securities

For instruments backed by residential real estate assets, commercial real estate assets and commercial loans, debt securities and other, a significant increase in market yields, default rates, loss severities or duration would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of collateralised loan obligations, whether prepayments can be reinvested.

For instruments backed by commercial real estate assets, a significant increase in real estate asset price would result in a significantly higher fair value for long positions, and short positions would be impacted in a directionally opposite way.

Derivative assets and liabilities

For credit derivatives, a significant increase in market yield, upfront points (i.e., a single upfront payment made by a protection buyer at inception), credit spreads, default rates or loss severities would result in a significantly lower fair value for protection sellers and higher fair value for protection buyers. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument.

For interest rate derivatives a significant change in long-dated rates and volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different commodities, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Company is long or short the exposure.

iii) Sensitivity analysis of unobservable inputs

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the Company's valuation control policies. Were the Company to have valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives then as at the year end, it could have increased fair value by as much as \$161 million (2024: \$167 million) or decreased fair value by as much as \$256 million (2024: \$372 million) with the potential effect impacting the income statement rather than reserves.

**NOTES TO THE FINANCIAL STATEMENTS
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42. FAIR VALUE MEASUREMENT (CONTINUED)

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable inputs and is not predictive or indicative of future movements in fair value. Furthermore, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonable possible alternatives.

e) Day one profit

Below is the amount that has yet to be recognised in the income statement relating to the difference between the fair value at recognition (being the transaction price) and the amount that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less any subsequent releases. The breakdown is as follows:

	2025	2024
	\$M	\$M
At 1 January	3	3
Day one profit on new trades not recognised in income statement	2	3
Settlements/disposals	(3)	(3)
 At 31 December	2	3

f) Financial assets and liabilities carried at amortised cost

The below summarises the fair value of the Company's financial assets and liabilities which are carried at amortised cost.

Under the fair value hierarchy, cash held at central banks are classified as Level 1.

The carrying amounts of certain financial instruments like Debt Securities, Deposits by banks and customers (excluding Subordinated Debt), Reverse repurchase agreements and repurchase agreements, Market and other receivables/payables and Other Assets/Other Liabilities are all short-term in nature. Due to their short duration, there is minimal exposure to interest rate fluctuations or credit risk. Consequently, the carrying value (which reflects amortised cost) is a reasonable approximation of fair value. Whilst there are some long term deposits, the carrying value approximates fair value due to the floating rate nature of these instruments.

Loans and advances to banks and customers held at amortised cost are classified as level 2 and have a fair value of \$40,504 million (2024: \$37,134 million).

Subordinated Debt are measured at amortised cost are classified as level 2 and have a fair value of \$5,696 million (2024: \$5,689 million).

**NOTES TO THE FINANCIAL STATEMENTS
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43. RELATED PARTY TRANSACTIONS

As detailed in note 1, the Company has elected to take advantage of the exemption available under FRS 101 for the requirements in IAS 24 - Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of a group.

Management consider key management personnel to be represented by the Board of directors of the Company. Details of the remuneration of the directors are included in note 11.

44. EVENTS AFTER THE REPORTING DATE

There has been no significant events between 31 December 2025 and the date of approval of these financial statements by the Board of Directors which would require an adjustment or additional disclosure in the financial statements.