Registered number: 2312079

MERRILL LYNCH INTERNATIONAL

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2024

COMPANY INFORMATION

Directors	C.L. Francis (appointed on 5 April 2024) R.J. Keys B.A. Mensah H.J. O'Neil M. Slowey R.P. Thorne P.J.P. de Weck (Chair) T.D. Woods
Company secretary	Merrill Lynch Corporate Services Limited
Registered number	2312079
Registered office	2 King Edward Street London EC1A 1HQ
Independent auditors	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 7 More London Riverside London SE1 2RT
Accounting reference date	31 December

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The directors present their Strategic Report for Merrill Lynch International ("MLI", the "Company") for the year ended 31 December 2024.

NATURE OF BUSINESS ACTIVITIES

The principal activities of the Company are to provide a wide range of financial services globally for business originated in Europe, the Middle East and Africa ("EMEA"), Asia Pacific ("APAC") and the Americas, to act as a broker and dealer in financial instruments and to provide corporate financial services. The Company also provides a number of post trade related services to third party clients, including settlement and clearing services.

The Company's immediate parents are BofAML EMEA Holdings 2 Limited and BofAML Jersey Holdings Limited (together, the Jersey Intermediate Holding Companies, or "Jersey IHCs"). The ultimate parent of the Company is Bank of America Corporation (NYSE: BAC) ("BAC" or the "Corporation"). The Company is BAC's largest entity outside the United States ("US") and helps serve the core financial needs of global corporations and institutional investors. Hereafter, “affiliate” means BAC or any of its subsidiaries. BAC, together with its consolidated subsidiaries, form the "BAC Group" (or "Enterprise").

The Company's head office is in the United Kingdom ("UK") with branches in Dubai and Qatar, along with a representative office in Zurich.

The Company is authorised and regulated by the Prudential Regulation Authority ("PRA") and regulated by the Financial Conduct Authority ("FCA").

As at 31 December 2024, the Company was rated by Fitch (AA/F1+) (2023: AA/F1+) and Standard & Poor's (A+/A-1) (2023: A+/A-1).

MARKET ENVIRONMENT

Geopolitical and macroeconomic factors

2024 was a year dominated by elections, with countries representing more than 60% of global Gross Domestic Product ("GDP") electing new leaders, including the UK, the European Union ("EU") and the US. Following elections in the UK, the new Labour government used the October Budget to announce tax rises and changes to public financing rules focused on closing the UK fiscal deficit. In the EU, the risks of fragmentation and political instability increased following elections in June, especially in France and Germany. European political challenges remain a key theme heading into 2025, with the potential to further undermine unity in Europe. In the US, the new administration and subsequent policy announcements have driven uncertainty heading into 2025, particularly around tariffs, fiscal policy and deregulation.

Geopolitics continued to be a key theme in 2024 due to the ongoing impacts from Russia’s invasion of Ukraine, elevated tensions between the US and China, and the war and ongoing tensions in the Middle East. However, while consumers remained cautious given the geopolitical environment, the global economy continued to display signs of overall resilience. Bank of America ("BofA") Research expects continued but unbalanced global GDP growth in 2025, characterised by US outperformance and policy uncertainty which is expected to impact growth in the Euro area and China.

2024 market activity continued to be highly sensitive to the direction and trajectory of inflation and interest rates. Earlier in the year, the European Central Bank ("ECB") and then the Bank of England ("BoE") initiated gradual rate cuts, and global monetary policy converged in September when the Federal Reserve also began cutting rates.

Primary markets recovered following a challenging 2023, particularly in EMEA Debt Capital Markets (“DCM”) where 2024 market volumes were highest on record. EMEA Equity Capital Markets (“ECM”) volumes also rebounded, up 36% versus 2023. Merger & Acquisition (“M&A”) activity showed some recovery with EMEA announced M&A market volumes up 11% year-on-year, though volumes were still well below the 10-year average.

In secondary markets, Equity markets outperformed and global stock market capitalisation returned to all-time highs. In Fixed income, market volatility continued to drive client behaviour in the face of geopolitical tensions and timing of Central Bank interest rate cuts.

The Company's branches in Dubai and Qatar do not trigger specific geopolitical considerations for that region due to the immaterial size of those branches to the Company's operations.

The Company is subject to numerous geopolitical, economic, and other risks in the jurisdictions in which it operates. The Company does business throughout the world including emerging markets. Economic or geopolitical stress in one or more countries could have a negative global impact, resulting in reduced market activity and economic output. The Company's businesses and revenue are also at risk of losses from multiple factors: currency fluctuations, financial, social or judicial instability, electoral outcomes, changes in governmental policies or policies of central banks, price controls, high inflation, protectionist trade policies, continued trade tensions and changes in legislation. The businesses and revenue of the Company are also at risk of losses as tariffs continue to rise and other restrictive actions are taken that weigh heavily on regional trade volumes and domestic demand through falling business sentiment and lower consumer confidence. These risks are especially elevated in the emerging markets.

London Interbank Offered Rate ("LIBOR") and Other Benchmark Rates

On 30 September 2024, the remaining synthetic USD LIBOR settings were published for the last time and so all LIBOR settings have now permanently ceased. Further, after 28 June 2024, the publication of all tenors of Canadian Dollar Offered Rate ("CDOR") permanently ceased.

The Company continues to track the cessation of other IBORs and will continue to remediate outstanding contracts proactively ahead of cessation or through contractual fallback provisions. The Company's exposure to other IBORs is limited, with remediation overseen by impacted businesses within the relevant jurisdictions. Given the market transition has materially completed, a quantitative disclosure for 2024 is not included.

SECTION 172 (1) STATEMENT

The Board of Directors of the Company (the "Board") acts and takes decisions in accordance with their statutory duties under Section 172 of the Companies Act 2006 (the “Act”).

The following, as well as relevant information provided in the "Statement on Corporate Governance" in the Directors' Report, details the way in which the Board has regard to the matters set out in Section 172 (1) (a) to (f) of the Act in overseeing and promoting the success of the Company.

As required by relevant corporate law, financial regulation and internal governing policies and procedures, the Board is responsible for defining, overseeing, making decisions where relevant and being accountable for the implementation of the Company's governance arrangements to ensure effective, prudent and ethical management and oversight of the Company.

As a wholly-owned subsidiary of BAC, the interests of the Company are substantially aligned with those of BAC and during the year the Board considered and adopted relevant BAC level (also "BAC Group" or "Enterprise") policies and standards, including the BAC Risk Framework.

Further, the Company's staff are subject to relevant business conduct policies specific to the Lines of Business ("LOBs") and Control Functions ("CFs") where they are employed, as well as the regulatory UK Senior Managers and Certification Regime ("SMCR") and Conduct Rules where relevant.

The Board sets the operational resilience and overall risk appetite for MLI and has delegated authority for the day-to-day management of MLI and key business decisions to appropriate Senior Management, in accordance with the MLI Corporate Governance Guidelines and the SMCR.

The Board and its Committees monitor and receive regular reporting on and oversee financial performance including ensuring that capital and liquidity are appropriately managed; risk management; regulatory compliance; employee matters including remuneration; inter-affiliate and vendor outsourcing and business conduct. They also ensure that MLI's organisational structure and internal control framework remain effective, while considering the interests of key stakeholders, including the Company's shareholders.

The "Statement on Corporate Governance", "Employee Engagement" and "Stakeholder Engagement" sections of the Directors' Report on pages 11 - 16 provide further information on the manner in which the Board has had regard to the matters set out in Section 172 (1) (a) to (f) of the Act.

During 2024, in addition to the above, the Board and its Committees have overseen and received regular reporting from LOB, CF and other support representatives on matters which could have an adverse impact to the Company.

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, compliance, operational, liquidity, reputational and strategic risks), are described in the notes to the financial statements.

For further details of the Company's risk management policies see note 31 Risk Management.

RISK GOVERNANCE

The Board ensures suitable risk management and controls through its Committees, as outlined below. The Board has a Board Risk Committee ("BRC"), Audit Committee, and Governance Committee. The BRC also has a sub-Committee, the Management Risk Committee ("MRC").

The BRC assists the Board in fulfilling its responsibility for reviewing all Company-wide risk-creating activities and ensuring that they are restricted to those activities that can be prudently managed. The MRC is appointed by and reports to the BRC. The MRC is responsible for providing management oversight of key risks facing the Company, including strategic, credit, market, liquidity, operational, compliance and reputational risks, in addition to balance sheet, capital, and liquidity management and stress testing activities.

The Audit Committee assists the Board in fulfilling its oversight responsibility relating to the following areas: oversight of the Company's internal financial controls; the preparation and integrity of the Company's financial statements and other related disclosure matters; and the performance and independence of the Company's Internal Audit and Compliance functions. The Audit Committee also assists with oversight of the qualifications, independence and performance of the independent auditors as well as the Company's relationship with them, and the scope and terms of the audit engagement.

The Governance Committee assists the Board in fulfilling its oversight responsibility relating to the governance of the Board, including nominations to the Board, as well as reviewing and reporting to the Board on matters of corporate governance principles applicable to the Company and on senior management talent planning and succession including leading the Board and its committees in their assessments of their performance. The Governance Committee reviews reports on the operation and effectiveness of the Company's systems and controls in relation to whistleblowing, and receives regular reports from the Culture and Conduct Risk Council. The Governance Committee is also charged with the oversight, development and implementation of the firm's remuneration policies and practices. This committee also acts as the Nomination Committee and the Remuneration Committee of the Company.

NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

The Company has adopted BAC's Enterprise Risk Framework which sets forth the roles and responsibilities for the management of risk by Front Line Units ("FLU"), Global Risk Management, other control functions, and Corporate Audit. It describes how BAC identifies, measures, monitors, and controls risk across the seven key risk types we face: credit, market, liquidity, compliance, operational, strategic, and reputational. In our Risk Framework and Risk Appetite Statement, climate risk is identified as a risk spanning all seven key risk types. BAC also has an Environmental and Social Risk Policy Framework ("ESRPF") that aligns with the Risk Framework and provides additional clarity and transparency regarding the Company's approach to environmental and social risks, inclusive of climate-related financial risk ("climate risk") and each employee's responsibilities for risk management. Like all risks, environmental and social risks require coordinated governance, clearly defined roles and responsibilities, and well-developed processes to ensure they are identified, measured, monitored and managed appropriately and in a timely manner. Recognising that certain sectors are more sensitive to these types of risk, the Company evaluates the associated risks as appropriate.

The BAC Group’s approach to sustainability matters can be accessed via the ESRPF at www.bankofamerica.com/ESRPF, Sustainability at Bank of America document available at www.bankofamerica.com/tcfd, and Bank of America's Annual Report available at investor.bankofamerica.com/annual-reports-and-proxy-statements. Bank of America documents referenced in this annual report make sustainability related statements. Any such statements relate to Bank of America Corporation and its entities as a whole and not to any particular product or service.

Set out below is a summary of the Company’s approach to management of climate risk.

Climate risk is 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, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as rising average global temperatures and sea levels, and
- Transition Risk: Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Climate-related risks can act as a driver of risk across our risk types, such as credit risk tied to counterparties’ exposure to climate risk resulting in diminished repayment capacity or collateral values, operational risk from exposure to physical risk that could negatively impact MLI’s facilities, employees, or vendors, and reputational risk from stakeholder perception about MLI’s responsiveness to climate change.

No material climate-related risk variables impacting the financial position of MLI as at 31 December 2024 have been identified. For financial instruments held at fair value, there have not been any adjustments to fair value specifically for climate risks. For financial assets held at amortise cost, there has been no material impact of climate risks on MLI’s loss allowances for expected credit losses.

The following sections provide more details on climate strategy, governance, and risk management.

Climate Strategy

MLI, as part of BAC, is aligned to BAC's strategy. The tenets of responsible growth serve as the foundation for BAC’s performance and progress.

In 2021, BAC announced a goal of achieving Net Zero before 2050 in its financing activities, operations and supply chain (Net Zero goal). As part of this goal, BAC has set interim voluntary 2030 goals across BAC’s financing activities related to certain high-emitting sectors (2030 Financing Activity Emissions goals), operations and supply chain, all of which are further supported and complemented by BAC’s 10-year goal to mobilise and deploy $1.5 trillion in sustainable finance by 2030.

Further details on BAC’s Net Zero goal can be found in our Sustainability at Bank of America document (www.bankofamerica.com/tcfd). The report also provides progress on BAC’s $1.5 trillion sustainable finance by 2030 goal including $1 trillion to accelerate the environmental transition. BAC’s strategy (focused on managing climate-related risks and capturing opportunities) is managed at an Enterprise level with MLI contributing to these goals rather than setting its own.

Climate Governance

The Company has adopted BAC's 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. In addition, the Company uses an internal enterprise Climate Risk Framework, which is built off of the Enterprise Risk Framework, that addresses how the Company identifies, measures, monitors and controls climate risk. The framework also details the roles and responsibilities for climate risk management across the three lines of defence. The Company expects the Climate Risk Framework to evolve over time as best practices in climate risk management continue to mature. BAC manages its climate strategy through the BAC Board and its management committees as well as through sustainability-related strategic, risk and regulatory governance routines which operate in each region: US, EMEA, Latin America and APAC.

MLI participates in an EMEA regional strategic council covering sustainability matters. The objective of the forum is to provide strategic oversight and capitalise on business opportunities by bringing senior leaders together while driving long-term responsible and sustainable growth.

The EMEA Sustainability Risk and Regulatory Steering Group (“Steering Group”) is a regional governance group responsible for providing management oversight related to the financial risks from climate change and sustainability-related regulatory requirements impacting BAC's EMEA legal entities, including MLI. The Steering Group is attended by senior leaders from across the EMEA region. The Steering Group meets at least quarterly and is co-chaired by the Chief Risk Officer of the Company.

MLI Board’s responsibilities include consideration of climate risks and opportunities. The Board and the committees that report to it regularly discuss climate-related topics. For example:

- The Board receives periodic presentations from management on MLI’s climate-related strategy, activities and opportunities.
- MLI BRC oversees climate risk. MLI BRC receives a quarterly climate risk report as well as briefings on the topic of climate risk.

Key topics covered by the Board or its committees during 2024 included updates on progress against climate-related strategy, climate metrics, Bank of America Net Zero strategy, the regulatory landscape and the continued enhancement to and evolution of climate risk management.

Supporting the Board in its oversight of climate-related strategy and activities are management-level routines comprised of senior leaders across LOBs and CFs. Among these, the MLI MRC is responsible for providing management review and assessment of exposure to climate risk and overseeing the approach and processes implemented to manage climate risk. The MLI MRC receives updates on the progress being made to further embed climate into the risk management framework and to meet regulatory expectations. To support the Board and committees in overseeing the management of climate risk, MLI developed and continues to enhance reporting capabilities, including regular reporting to the MLI MRC and quarterly reporting to the MLI BRC. This reporting includes a climate risk report that consolidates information on how climate risk manifests across the key risk types.

The Chief Risk Officer of MLI has been appointed as the Senior Manager responsible for the financial risk of climate change under the PRA/FCA SMCR. Within MLI, the Chief Risk Officer reports to the Board and the BRC and provides updates to the MRC on matters related to climate risk.

Climate Risk Management

All risks, including climate 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 risk considerations, where appropriate.

Climate Risk Identification

To be effectively managed, climate risk must be proactively identified and well understood. MLI’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 MLI is or may be exposed. In recent years, MLI has enhanced its risk identification process to incorporate climate related factors such as physical (acute and chronic) and transition risk across LOBs and CFs. MLI continues to explore opportunities to expand risk identification capabilities related to physical and transition risk and the resulting impacts to its businesses. MLI expanded its risk identification capabilities to embed additional climate risk considerations such as sector, product and geography and to connect new and existing risks to climate risk categories, aligning specific perils and/or transition categorisation across various time horizons.

Climate Risk Measurement

MLI's measurement of climate risk is conducted using a range of qualitative and quantitative methods across the LOBs and CFs using tools such as industry, country and counterparty-level assessments as well as scenario analysis, to better understand the climate risks posed to MLI's business, operations, clients and counterparties.

Climate Risk Monitoring

To monitor physical and transition risk exposure across all seven risk types, climate risk has been embedded into existing risk management processes and integrated into climate risk metrics 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 MLI Board Risk Committee ("MLI BRC") and management.

Climate Risk Controls

Climate risks are controlled like all other risks through processes, policies, procedures, limits and governance. Risk management policies are updated as appropriate to incorporate, where applicable, climate risk considerations to ensure appropriate controls across risk categories.

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

Climate Risk Management by Risk Type

Examples of how potential climate risks to MLI are managed are outlined below:

Credit Risk

The Company uses a methodology to classify possible financial risks of climate change at the industry level. Based on judgmental considerations for physical and transition climate-related risks, industries are rated as very low, low, moderate, high, or very high. The industry risk ratings use a 2030 time horizon in line with BAC's voluntary 2030 Financing Activity goals.

To manage country risk, a framework is used to assess climate-related risks to all countries in MLI's coverage universe. The proprietary methodology uses subject matter expertise and a range of third party indicators which cover physical, transition, and overall climate risk. Countries are rated using the same five categories as industry risk ratings (very low, low, moderate, high, or very high).

A Climate and Sustainability Center of Excellence steers the ongoing implementation of client-level Climate and Environmental Risk Assessments ("CERAs"). The CERA score is generated on a 5 point scale derived from qualitative and quantitative inputs where available and considers industry physical and transition risk ratings and country climate risk classifications, where relevant. The CERA score is integrated into the underwriting and credit risk lifecycle.

Market Risk

Climate-related 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 including Fixed Income, Currencies and Commodities ("FICC"), and Equities, to identify and monitor climate-sensitive concentrations. This leverages both industry and country climate risk classifications described in the Credit Risk section above. Stress tests are also used to understand the impact of climate risks on trading portfolios, with a particular focus on identifying concentrations of climate risk within a portfolio, 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 impacts to MLI’s Liquidity Risk are measured and monitored at the portfolio level. The Liquidity Risk department undertakes climate risk assessments for key drivers of MLI’s liquidity. Reporting includes metrics to track climate sensitive industry concentration in funding sources and uses.

Compliance and Operational Risk

The Company regularly assesses the operational and compliance risks of climate change, which have been aligned to its processes. A dedicated coverage team executes this assessment by reviewing inherent risk, the control environment and residual risk based on independent coverage activities including compliance monitoring, tracking of issue trends, operational loss analysis, risk assessments and process management. The Company also evaluates the applicability and impact of new and changed laws, rules and regulations related to climate topics and executes changes needed to comply. Operational risks with climate 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

The Company assesses potential climate risks associated with client relationships, transactions and business decisions more likely to result in reputational risk. Certain business activities with heightened reputational risk arising from climate or broader sustainability concerns must go through an enhanced due diligence process, and if deemed necessary based on the level of risk involved, may be escalated to the regional reputation risk committee for decisioning. Through strategic risk governance routines, the Company continuously evaluates changes to the internal and external environment, including impacts due to climate risk.

Climate Resilience

The resilience analysis carried out encompasses financial as well as compliance and operational resilience. From a financial resilience perspective, the Company conducts strategic, capital planning and stress testing processes annually and considers material climate-related and environmental risk factors. The Company also conducts climate scenario analysis, at least annually, to assess risks and opportunities over different time horizons and across a range of scenarios. Vulnerabilities and shortcomings identified are then also considered within the risk management process.

Results from the resiliency analysis to date have shown that the Company is resilient to climate risks.

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 framework considers climate transition and physical risks over different time horizons and across a range of scenarios to assess how these risks might materialise and their potential financial impacts. 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.

Climate risk may manifest through counterparty credit risk and market risk in the trading portfolio, for which shorter term scenarios are used. To assess this, the Company has developed, and refined over several cycles, internal short-term scenarios. Under these scenarios governments across the world abruptly announce significant regulatory policies to meet climate challenges and commitments. This results in chaotic market disruptions and sudden reallocation of capital to low emission and low-risk sectors and countries. In designing the scenarios, market risk managers used expert judgment to provide shocks by asset categories informed by the Network for Greening the Financial System ("NGFS") scenarios, including the short-term scenarios such as Sudden Wake-Up Call and Diverging Realities. For counterparty risk, climate risk impacts were considered for counterparty default selection and credit valuation adjustment calculations. In addition, impacts of both acute and chronic physical risks have been considered for asset classes which are deemed to be more exposed to such risk, including mortgage-backed securities.

The internal short-term scenarios have also been leveraged to conduct liquidity assessments on potential changes in derivative collateral positions and impacts to secured funding sources.

For operational risk, targeted assessments have also been conducted to assess the impact of acute physical risk of extreme weather events leveraging scenarios based on 8.5 Representative Concentration Pathway developed by the Intergovernmental Panel on Climate Change.

The climate scenario analysis to date has not highlighted any significant concentrations of highly climate sensitive exposures or vulnerabilities. The Company will continue to develop and evolve climate scenario analysis capabilities and risk management processes by working to resolve data gaps, expand our models, and explore more scenarios to better assess, measure and manage the potential impact of climate change risks and opportunities on our portfolios.

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.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Company's profit before taxation was $1,280 million, a decrease of $258 million compared with the year ended 31 December 2023.

Net operating revenue was $6,644 million, an increase of $52 million compared with the year ended 31 December 2023.

The directors expect the principal activities of the Company will continue throughout 2025.

Divisional performance

The Company’s results are derived from the Global Banking and Global Markets businesses. Global Banking represents activity within the Investment Banking (IBK") division and Global Markets represents activity within the Fixed Income, Currencies and Commodities ("FICC") and Equities. This is supported by the Treasury function.

Profit before tax for the year decreased by $258 million as compared to 2023 driven by the following factors:

FICC revenues are lower year-on-year with Global Credit, Global Rates and Global Financing & Futures business lines lower against a strong prior year sales and trading performance as volatility in global interest rate products declined in 2024 versus 2023.

Equities revenues are higher year-on-year with improved market making conditions triggering higher client activity compared to 2023, when the market suffered considerable turbulence from bank failures.

IBK revenues improved on prior year with increased M&A and DCM activity.

Treasury revenues increased year-on-year due to higher average interest rates.

Administrative expenses are higher in 2024 primarily due to increased compensation expense led by higher accruals as a consequence of the movement in fair value of share based payment awards as BAC share price increased year-on-year.

Capital

The Company makes “Pillar 3” disclosures as required under the PRA Rulebook Disclosure (Capital Requirements Regulation "CRR"). Company information is included as part of the respective Pillar 3 disclosures as required under local laws, rules and regulations and made available on the firm’s website in accordance with the aforementioned PRA Rules. This can be obtained via https://investor.bankofamerica.com/regulatory-and-other-filings/basel-pillar-3-disclosures. As at 31 December 2024, the Company was adequately capitalised and met all external capital requirements. The Company's capital resources were $33,746 million as at 31 December 2024 (2023: $33,878 million).

Liquidity

The Company is subject to the UK onshored requirements originally implemented in the EU via the Capital Requirements Directive ("CRD") and the CRR, alongside associated binding technical standards that were created by the EU Withdrawal Act (2018), and the relevant PRA rules, through which it must demonstrate self-sufficiency for liquidity purposes. The EU Withdrawal Act (2018) acts as the facilitator through which EU rules, as at the time of onshoring, continue to apply.

The Company must maintain a minimum portfolio of unencumbered High Quality Liquid Assets as defined by the Delegated Act on the Liquidity Coverage Ratio ("LCR"). The Company was in excess of its regulatory liquidity requirement throughout 2024 and 2023.

KEY PERFORMANCE INDICATORS

The results of the Company were as follows:

Profit before taxation amounted to $1,280 million (2023: $1,538 million).

Net operating revenue for the year amounted to $6,644 million (2023: $6,592 million).

Return on Assets ("RoA") was 0.26% (2023: 0.36%). RoA is calculated as profit after tax ("PAT") divided by total assets. Return on Equity ("RoE") was 2.8% (2023 3.5%). RoE is calculated as PAT divided by total equity.

Administrative Expenses for the year amounted to $5,364 million (2023: $5,054 million).

Net assets as at 31 December 2024 were $36,765 million (2023: $36,916 million).

The Company's capital resources were $33,746 million as at 31 December 2024 (2023: $33,878 million).

As the Company adopts BAC's global approach to sustainability matters, some related non-financial key performance indicators are typically measured on a global basis and can be found in the Sustainability at Bank of America document (www.bankofamerica.com/tcfd). Certain Company-specific non-financial climate indicators are included in the "Streamlined Energy and Carbon Reporting" section in the Directors' report.

This report was approved by the Board on 18 March 2025 and signed on its behalf.

Bernard Mensah

B.A. Mensah
Chief Executive Officer
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2024

The directors present their report and the audited financial statements for the year ended 31 December 2024.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law). Under company law, directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

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

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101 have been followed; subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are 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 also responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006.

The directors are responsible for the maintenance and integrity of the Company's financial statements published on the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

DIRECTORS' CONFIRMATION

In the case of each director in office at the date the directors' report is approved:

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

The directors of the Company who were in office during the year and up to the date of signing the financial statements, except where noted, were:

C.L. Francis (appointed on 5 April 2024)
R.J. Keys
B.A. Mensah
H.J. O'Neil
M. Slowey
R.P. Thorne
P.J.P. de Weck
T.D. Woods

DIRECTORS' THIRD PARTY INDEMNITY PROVISIONS

The directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and remains in force.

MATTERS COVERED IN THE STRATEGIC REPORT

Details regarding a review of the business, including future developments, existence of branches outside of the UK and principal risks and uncertainties are provided in the Strategic Report on pages 1 - 9.

STATEMENT ON CORPORATE GOVERNANCE

In accordance with The Companies (Miscellaneous Reporting) Regulations 2018, the Board has adopted the FRC Wates Corporate Governance Principles for Large Private Companies (the "Wates Principles"). The following provides details on how the Board has followed the Wates Principles over the course of the year.

Principle One - Purpose and Leadership

As noted in the Strategic Report, the Company is BAC’s largest entity outside the US and helps serve the core financial needs of global corporations and institutional investors. The Company’s head office is in the UK with branches in Dubai and Qatar, and a representative office in Zurich, and is licensed to undertake business in a number of other countries or territories around the world.

The Board develops and promotes the purpose of the Company and ensures that its values, strategy and culture are aligned to it. The Board also approves the strategy for the Company on an annual basis. The 2024 MLI Strategy, in keeping with the broad BAC strategy of “Responsible Growth”, was developed taking into account the impact of the Company’s activities on its clients, employees, regulators, vendors and the wider community, and ensuring any decisions take the following into account:

- Responsible Growth: Grow and win in the market, within both our client-focused strategy and our risk framework, and in a sustainable manner.
- Operational Excellence: Work smarter for our clients and optimise the way we do business.
- Culture: Make MLI the best place to work by driving opportunity, respect and meritocracy, maintaining and continuing to progress an inclusive environment for all, and giving back to the communities in which we work.

The Board also adopted the BAC Code of Conduct, to which all employees are required to adhere and which defines the culture of the organisation as follows: “Our culture comes from how we run the company every day, by acting responsibly and managing risk well, which includes our commitments to honest and ethical behaviour, acting with integrity, and complying with applicable laws, rules, regulations and policies. We recognise that cultivating a strong culture is an ongoing effort, fostered day after day in both formal and informal ways. Building a unified culture requires thoughtful, purposeful action, and we do this by ensuring all of our employees from different businesses, companies, and countries are aligned to our purpose of making financial lives better through the power of every connection.”

The Code of Conduct contains detailed requirements to ensure that employees abide by the principles of managing risk well, acting ethically, being fair and honest in communications, safeguarding and not misusing information, protecting the Company's assets, conducting financial affairs responsibly, complying with all applicable laws and regulations, valuing each and every teammate and growing the business responsibly.

The Code of Conduct also details the Company's approach to discrimination and harassment. It confirms that MLI is committed to promoting an inclusive and respectful work environment. Discrimination and harassment are unacceptable and contrary to the Company's values. The Company does not tolerate unlawful discrimination or harassment of any kind, including but not limited to verbal, physical, visual, sexual and abusive conduct (bullying) as outlined in our Harassment and Discrimination Prevention Policy.

See the "Employee Engagement" section for further details of how the Board engages with employees on matters related to the purpose and culture of the Company.

Principle Two - Board Composition

The Board comprises of executive, and also independent non-executive directors, who bring extensive experience and the ability to challenge and be fully independent of the executive directors. The independent non-executive Board Chair provides a level of independent oversight to the proper execution of the governance activities of the Company and the Board. As required under relevant regulation, the Chairs of the Board and each of its Committees are independent non-executive directors. The Chair of the Board has the responsibility of chairing and overseeing the role of the Board and is responsible for leading the development of and monitoring the effective implementation of policies and procedures for the induction, training and professional development of all members of the Board, for leading the development of the Company's culture by the Board as a whole and is responsible for ensuring that the Company's non-executive directors maintain their obligations with respect to applicable Fitness and Propriety regulations.

The Board delegates to the Chief Executive Officer ("CEO") and Senior Management Function 1 ("SMF1" for the purposes of the UK SMCR) management of the Company. The CEO may exercise all the powers of the Board except for those matters reserved to the Board or any other matter specifically delegated to any committee of the Board. The CEO is authorised to delegate a further proportion of his authority to other senior executives as considered consistent with the roles and responsibilities attributed to those individuals and as defined through the Company's responsibilities map, which is shared with the Board periodically, or following significant changes.

MLI is subject to requirements under UK regulation regarding Board composition and directors suitability. The MLI Governance Committee, in consultation with the Company's shareholders, the Company's CEO and the Chair of the Board, 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. Before any appointment is made by the Board, the MLI Governance Committee considers 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.

Furthermore, the MLI Governance 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. In addition, pursuant to the terms of its charter, the MLI Governance Committee is responsible for deciding on a target for the representation of the underrepresented gender on the Board and how to meet it.

All Board members, including the independent non-executive directors, participate in regular training and development activities appropriate to their roles. The effectiveness of the Board is regularly assessed by way of a formal review, and output from such reviews is used to develop actions to further enhance governance processes. In light of the above processes, the current directors collectively possess a broad range of skills, backgrounds, experience and knowledge appropriate for the effective oversight of the Company's business.

Principle Three - Director Responsibilities

MLI's directors execute their responsibilities by way of appropriate governance structures including the Board and its Committees, in order to hold management to account.

Examples of key activities performed by the directors through the Board and its Committees include annual review and approval of MLI's strategic plan, consideration of the capital plan, financial operating plan, liquidity requirements and risk appetite.

Strategic decisions relating to the Company are presented and discussed at the MLI BRC and the Board. The Board ensures suitable risk management and controls through the MLI BRC, the MLI Audit Committee, the MLI Governance Committee and the MLI MRC, also conducting periodic reviews of risk management strategies to ensure their continuing effectiveness. The Risk Governance section of the Strategic Report on page 3 contains further details.

Principle Four - Opportunity and Risk

The Board is annually asked to consider and, if it sees fit, adopt the BAC Risk Framework, which sets out the responsibility of the Board and its Committees for managing risk across the seven defined key risk types: strategic, credit, market, liquidity, operational, compliance and reputational risk. Risks may span across multiple key risk types. One example of this is climate risk. Compliance with the Risk Framework is required to be assessed annually. MLI has a risk identification process, which through the application of the Risk Framework, guides the development of the risk appetite for the Company and the setting of risk limits which provide a structure for setting direction for the Company. The Board is responsible for approving the Company's Risk Appetite Statement on an annual basis and monitors compliance with it on an ongoing basis. The Company's Risk Appetite Statement is developed in consideration with the BAC Risk Appetite, BAC Risk Framework and the principles of Responsible Growth. This overall Risk Framework enables the Board and its Committees to be able to identify the impact of decision-making on its stakeholders over the longer term.

The main strategic opportunity for MLI is to continue to serve the core financial needs of global corporations and institutional investors and operate to grow and win in the market, with a client-focused strategy, within the Risk Framework and Risk Appetite, and in a sustainable manner, to provide long-term value to stakeholders.

A culture of managing risk well is fundamental to the Company's core values and operating principles. It requires focus on risk in all activities and encourages the necessary mindset and behaviour to enable effective risk management and promote sound risk-taking within the Company's risk appetite. Sustaining a culture of managing risk well throughout the organisation is critical to the success of the Company and is a clear expectation of the Company's senior management team and Board. For details of the principal risks and uncertainties and how the risk environment is managed, see the Strategic Report and note 31 Risk Management.

Principle Five - Remuneration

As a wholly owned subsidiary of BAC, MLI's remuneration policies are aligned to BAC's policies, while being fully compliant with applicable remuneration regulation. The MLI Governance Committee is charged with oversight of the development, and implementation of the Company's remuneration policies and practices to support risk management goals and also to encourage alignment with shareholder interests and the achievement of long-term, sustainable results in an appropriate manner.

The cornerstone of MLI's remuneration philosophy across all lines of business is to pay for performance – BAC Group, MLI, line of business and individual performance. Through the Company's performance management process, employees understand performance expectations for their role through ongoing dialogue with their manager. The performance management process is designed and monitored by the Talent function in Global Human Resources ("GHR"). This process is reviewed periodically so that it meets the needs of managers to assess and communicate performance expectations. Throughout the year, employees receive coaching on their performance and ultimately receive a rating for their full year of performance based upon their achievement of goals for their job. Each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviours, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on BAC Group-wide, line of business, or product results. Qualitative performance objectives may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture, adherence to risk framework and operating principles in relation to conduct risk, adherence to the BAC Code of Conduct and other core values of the Company. The Company does not remunerate or assess employees' performance in a way that encourages employees to act in a manner that conflicts with the duties owed to the Company's clients.

Refer to the "Employee Engagement" section below for further information.

Principle Six - Stakeholder Relationships and Engagement

The Company considers its key stakeholders to be its clients, shareholders, employees, regulators, tax authorities, vendors and the wider community.

Stakeholders are apprised of the Company’s position and prospects by structured reporting and communications (i.e., public filings and disclosures including Pillar 3 information, specific filings to regulators and tax authorities, and internal updates and meetings for employees). The Board is kept apprised of stakeholder communication.

The Board reviews metrics associated with stakeholder interests including, for example, business results, risk and control metrics, employee engagement, client complaints and compliance reports. The Board also receives updates on wider community engagement.

Refer to the “Section 172 (1) Statement” in the Strategic Report on pages 2 - 3 and the sections titled “Employee Engagement” and "Stakeholder Engagement" below and on pages 14 - 16 for further information.

EMPLOYEE ENGAGEMENT

The employees of the Company are fundamental to its success, and the Board is responsible for overseeing meaningful engagement with the workforce. Activities are underpinned by policies with training, monitoring and evaluation processes in place to ensure that employees are paid in an effective and consistent manner and in compliance with all applicable regulatory and legal requirements. In addition, the Board and its Committees have a key role in the oversight of the Company's culture, setting the tone at the top and holding management accountable for maintaining high ethical standards. They do this in a number of ways, including:

- Requesting and receiving quarterly updates from senior management on matters related to how the Company manages conduct risk, such as regular reporting on the workings and findings of the Culture and Conduct Risk Council including its FLU and Enterprise Control Function ("ECF") conduct task forces and thematic conduct working groups, employee training and issue prevention, detection, escalation, management and reporting;
- Overseeing the Company’s incentive plan design and governance to provide for an appropriate balance of risk and compensation outcomes;
- Evaluating performance for senior management across a range of factors, such as the manner in which results are achieved and accountability in driving a strong risk-management culture;
- Meeting with key managers below the senior-most management level to assess for themselves how conduct and culture expectations are cascaded throughout the organisation; and
- Reviewing on an annual basis the results of the global Employee Engagement Survey that are relevant to MLI. In addition, the Board and its Committees are routinely briefed on the metrics, benefits, programmes and policies designed to support the MLI workforce.

The Company is committed to complying with laws, rules and regulations, and creating a fair and inclusive workplace where everyone has an opportunity to succeed. This is reflected in the Company's HR policies, guidelines and procedures.

For example, the Company has nine employee networks which encourage advocacy and learning and provide development and networking opportunities for its entire employee population. In addition the Company has signed up to the HM Treasury Women in Finance Charter, and complies with disclosure requirements under the Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. There are also a number of initiatives in the Company, including development programmes, councils and networks. The MLI Governance Committee receives regular information on these programmes and initiatives.

The Company provides applicants and employees with equal opportunity under the Company's human resources practices, including, but not limited to, recruiting, hiring, training, compensation, promotion and facilities access. The Company focuses on eliminating artificial barriers to employment or advancement and fostering an inclusive environment. In addition, the Company also promotes ongoing development and implementation of programmes and services that anticipate and respond to the needs of individuals with disabilities. The applications for employment by disabled persons are fully and fairly considered having regard to the aptitudes and abilities of each applicant. Efforts are made to enable any employees who become disabled during employment to continue their careers with the Company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of employees who are not disabled.

The Company maintains an annual mandatory training programme, underpinned by a standard operating procedure and process, which is owned and monitored by the Compliance team. This includes training on, amongst other things, the Company's Code of Conduct, whistleblowing, anti-money laundering, and market abuse. In addition, other training courses are made available to individuals to support applicable development in their individual roles. A further suite of training is provided to managers to ensure they are appropriately trained on how to communicate and have workplace conversations, effective delegation, giving feedback and coaching, promoting teamwork and inclusion and managing risk responsibly.

See also "Principle Five - Remuneration", in the "Statement on Corporate Governance".

STAKEHOLDER ENGAGEMENT

As set out in "Principle Six – Stakeholder Relationships and Engagement" in the "Statement on Corporate Governance" above, the Company considers its key stakeholders to be its clients, shareholders, employees, regulators, vendors and the wider community.

There is regular engagement with clients from executive directors and management, with reporting to the Board on key aspects of client engagement and compliance with regulatory requirements regarding treating customers fairly and other matters. Furthermore, as required under relevant legislation, the Company has a client complaints procedure, and there is reporting to the Board regarding client complaints. The Company's ultimate shareholder is represented by independent non-executive directors of the Company who are also directors of BAC, as well as by management's engagement with BAC senior management. The Board engages with employees through the employee engagement processes discussed in more detail in the "Employee Engagement" section above. Regulators have regular communication and dialogue with the Board to discuss their views on risks to the Company and the industry.

The Board also reviews reports on vendor management programmes. MLI, as a wholly-owned subsidiary of BAC, participates in BAC's global third party and inter-affiliate outsourcing programmes. On behalf of the Board, there are MLI senior management routines in place to provide governance and oversight of outsourcing programmes, both third party and inter-affiliate, ensuring a comprehensive approach for service monitoring and the identification, mitigation and escalation of risk. Furthermore, the International Head of Technology provides monitoring and enforces adherence to the firm's third party policies and inter-affiliate policies.

BAC has established a broad sustainability programme to deliver on its purpose to help make financial lives better through the power of every connection and through Responsible Growth. It also uses this programme to drive its interaction with the community.

MLI, as a wholly-owned subsidiary of BAC, participates and actively engages in the BAC principles of Responsible Growth, including:

- Grow and win in the market, no excuses
- Grow with a customer focus
- Grow within our risk framework
- Grow in a sustainable manner: driving operational excellence, making our company a great place to work and sharing our success

BAC develops business opportunities and manages risks associated with addressing some of the world’s biggest environmental and social challenges. BAC's focus on Responsible Growth helps define how BAC deploys its capital and resources, inform its business practices, and help determine how and when BAC uses its voice in support of its values. Integrated across BAC's LOBs, this focus reflects how BAC is held accountable and is allowed to create shared success with its clients and communities. Ultimately, BAC's commitment to Responsible Growth helps build trust and credibility as a company people want to work for, invest in, and do business with.

BAC consistently engages external stakeholders for advice and guidance in shaping certain practices and priorities. This process includes formal and informal engagement with both internal and external stakeholders, including clients, its shareholders, socially responsible investment firms, and experts from civil rights, consumer, community development and environmental organisations. BAC weighs the importance of risk issues in relation to its stakeholders and to its business success.

BAC addresses climate-related risks and opportunities by focusing on our own environmental impact, engages with clients on their transition paths to a low-carbon economy, manages climate-related risks with the same rigour we apply to other risks at the Company and working with governments and markets to accelerate change.

Reporting of ESG metrics aligned with external frameworks and details about BAC’s broader Corporate Social Responsibility ("CSR") initiatives are included in Bank of America's Annual Report and Sustainability at Bank of America document.

STREAMLINED ENERGY AND CARBON REPORTING ("SECR")

The UK government’s Streamlined Energy and Carbon Reporting ("SECR") policy was implemented on 1 April 2019, when the Companies (Directors’ Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 came into force. The Company meets the criteria of a “large, unquoted company” under the scheme and is therefore required to include UK energy use and carbon emissions within the Directors’ Report.

The Company, as one of BAC’s principal European entities, is committed to improving energy efficiency and reducing Greenhouse Gas ("GHG") emissions associated with its operations. Under the SECR requirements, the Company makes disclosure in the tables below of the energy and greenhouse gas emissions information attributable to BAC activities in the UK.

Energy Consumption

	2024 kWh	2023 kWh
Energy use impacting Scope 1 GHG emissions[(a)]		
Natural gas consumption	**8,472,847**	9,291,048
Gas oil consumption	**629,689**	1,351,426
Total impacting Scope 1 GHG emissions	**9,102,536**	10,642,474
Energy use impacting Scope 2 GHG emissions[(b)]		
Electricity	**84,390,557**	81,019,834
Energy use impacting Scope 3 GHG emissions[(c)]		
Business travel	**916,936**	884,366
Total energy consumption	**94,410,029**	92,546,674

[(a)] Energy use impacting Scope 1 GHG emissions relates to sources (consumption) that are owned or controlled by BAC activities in the UK and which result in direct emissions from those activities. Under the SECR requirements, such sources and related emissions required to be disclosed are restricted to natural gas usage for heating purposes and gas oil for back-up generators.

[(b)] Energy use impacting Scope 2 GHG emissions relates to purchased electricity consumed by BAC activities in the UK. Scope 2 GHG emissions physically occur at the facility where the energy is generated.

[(c)] Energy use impacting Scope 3 GHG emissions required to be disclosed under the SECR requirements are solely in respect of business travel emissions related to rental cars or employee-owned vehicles where the company reimburses employees for business mileage expenses. Other sources of Scope 3 emissions are not in scope for this reporting and are not therefore reported. Emissions from employee-owned vehicles represent UK-only scope. Emissions from rental cars represent EMEA-wide (including UK) scope due to the current inability of rental car vendor data to be segregated by country for SECR reporting.

Energy data is based on utility invoices, generator run times, business travel records, data centre IT loads and power usage effectiveness. 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 GHG emissions in the table below have been produced in line with the World Resources Institute's "Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard".

Greenhouse gas emissions[a]

	2024	**2024**	2023	2023
	Gross Location based[b]	**Gross Market based**[c]	Gross Location based[b]	Gross Market based[c]
Scope 1 direct emissions (tCO_2e)				
Natural gas consumption	**1,536**	**1,536**	1,684	1,684
Gas oil consumption	**159**	**159**	342	342
Total Scope 1	**1,695**	**1,695**	2,026	2,026
Scope 2 indirect emissions (tCO_2e)				
Electricity	**17,473**	—	16,782	—
Scope 3 indirect emissions (tCO_2e)				
Business Travel	**223**	**223**	213	213
Total	**19,391**	**1,918**	19,021	2,239
Intensity ratio tonnes of CO_2e per m^2 floor area (tCO_2e/m^2)	**0.265**	**0.026**	0.250	0.029

[a] The intensity ratio represents the metric tonnes of GHG emissions produced per m^2 of occupied space.

[b] A location-based method reflects the average emissions intensity of the UK electricity grid.

[c] 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. The Company is able to report zero emissions under Scope 2 using the GHG Protocol Corporate Standards' market-based approach due to executed contracts that confirms 100% renewable electricity.

The annual Defra 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) have been used to calculate location-based emissions from electricity and GHG emissions related to the use of personal vehicles for business travel. The United States Environmental Protection Agency emission factors have been used for natural gas and gas oil emissions, which is consistent with BAC's global GHG inventory. Emissions for rental cars are provided directly from rental car vendors. Global warming potentials from the Intergovernmental Panel on Climate Change 5th Assessment Report were used to convert CH_4 and N_2O to CO_2e.

The Company considers that the most appropriate intensity metric to reflect performance is gross emissions in tonnes of CO_2e per m^2 of building floor area as BAC's energy consumption and associated GHG emissions in the UK are primarily driven by its real estate portfolio.

In 2024, energy consumption and total location-based greenhouse gas emissions have increased compared to 2023 primarily due to increased usage of technology equipment.

Scope 1 and Scope 2 greenhouse gas emissions were independently assured to a reasonable level, and Scope 3 emissions were assured to a limited level. The third-party assurance was carried out by an independent consultant, Apex Companies.

Energy Efficiency Measures and Renewable Energy

The Company's environmental objectives are aligned with BAC Group's operational goals. In line with these objectives BAC actively pursues energy and GHG emission reductions, primarily through energy efficiency initiatives and office consolidation projects. In 2024, BAC Group continued its infrastructure project in London which included upgrading legacy chillers to new, more efficient heat recovery chillers. In addition, BAC began replacing its office lighting with energy-efficient LED lighting. This lighting upgrade is expected to continue into next year, with a planned completion date in early 2025.

BAC continues to purchase renewable energy through green contracts with utility suppliers. The contract is covered by the UK Renewable Energy Guarantees of Origin ("REGO") scheme administered by the Office of the Gas and Electricity Markets ("OFGEM"). The programme provides transparency to consumers about the proportion of electricity that suppliers source from renewable generation. OFGEM issues a REGO certificate for each MWh of electricity generated from eligible generation sources.

For facilities not covered by these green contracts (primarily leased Data Centres space in the UK) BAC annually purchases unbundled REGOs, which are reflected in Scope 2 market-based emissions above.

DONATIONS

The Company made no political donations for the year ended 31 December 2024 (2023: $0).

EVENTS AFTER THE END OF THE REPORTING PERIOD

The Company evaluates whether events occurring after the balance sheet date, but before the date the financial statements are available to be issued, require accounting as of the balance sheet date, or disclosure in the financial statements. The Company has evaluated such subsequent events through 18 March 2025 which is the issuance date of the financial statements. Refer to note 37 Events Occurring After the Reporting Date for further information.

DIVIDEND

During 2024, a final dividend of $1,186 million (2023: $948 million) was paid in respect of the year ended 31 December 2023.

On 18 March 2025 the directors recommended the payment of a final dividend for the year ended 31 December 2024 of $1,027 million ($0.13 per share).

This report was approved by the Board on 18 March 2025 and signed on its behalf.

Bernard Mensah

B.A. Mensah
Chief Executive Officer
Director

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERRILL LYNCH INTERNATIONAL

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion, Merrill Lynch International's financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 2024; the income statement, the statement of comprehensive income and the statement of changes in equity for the year then ended; and the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) 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 the UK, which includes the FRC's Ethical Standard, as applicable to other entities of public interest, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided.

Other than those disclosed in Note 8, we have provided no non-audit services to the Company or its controlled undertakings in the period under audit.

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:

- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Understanding and evaluating the Company's current financial position and financial forecasts;
- Understanding and reviewing the Company's current and forecast capital and liquidity positions, including reviewing funding arrangements with the parent, reviewing the results of stress testing performed by management of both liquidity and regulatory capital and considering the severity of stress scenarios used; and
- Reading and evaluating the adequacy of the disclosures made in the financial statements in relation to going concern.

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 when 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 Strategic report and Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

Strategic report and Directors' report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' report for the year ended 31 December 2024 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the 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 Strategic report and Directors' 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 in respect of the financial statements, 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 (UK) 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 the rules of the Prudential Regulation Authority ("PRA") and the Financial Conduct Authority ("FCA"), 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 financial statements such as the Companies Act 2006 and United Kingdom tax legislation. 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 posting of inappropriate journal entries and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Enquiring of management, including Internal Audit and those charged with governance, in relation to known or suspected instances of non-compliance with laws and regulations and fraud;
- Review of Board, Audit Committee, and Risk Committee meeting minutes;
- Review of Internal Audit reports in so far as they related to the financial statements;
- Review of key correspondence with regulators, in particular the PRA and FCA;
- Challenging assumptions and judgements made by management in determining significant accounting estimates, in particular those related to the valuation of certain complex level 3 financial instruments;
- Identifying and testing journal entries meeting specific fraud risk criteria, including unusual account combinations and those journal entries posted by seldom users or with other unusual characteristics;
- Testing of information security controls relating to system access and change management; and
- Incorporating unpredictability into the nature, timing and extent of audit procedures performed.

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.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. 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 Chapter 3 of Part 16 of the Companies Act 2006 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MERRILL LYNCH INTERNATIONAL

OTHER REQUIRED REPORTING

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not obtained all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors’ remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Claire Sandford

Claire Sandford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
18 March 2025

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 $M	2023 $M
Interest income	4	**5,946**	5,132
Interest expense	4	**(6,448)**	(5,524)
Net interest expense		**(502)**	(392)
Net trading revenues		**5,644**	4,601
Net (losses)/ gains from other financial instruments at fair value through profit or loss	5	**(582)**	100
Other operating revenues	6	**2,084**	2,283
Net operating revenue		**6,644**	6,592
Administrative expenses	7	**(5,364)**	(5,054)
Operating profit		**1,280**	1,538
Profit before tax		**1,280**	1,538
Tax on profit	11	**(253)**	(262)
Profit for the financial year		**1,027**	1,276

The notes on pages 29 to 103 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2024

	Note	2024 $M	2023 $M
Profit for the financial year		**1,027**	1,276
Other comprehensive income/ (expense):			
Items that may be subsequently reclassified to income statement:			
Movement in fair value of debt securities at FVOCI (includes related deferred tax asset)		**2**	15
		2	15
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefits obligation	16	**7**	(146)
Movement of deferred tax relating to defined benefit obligations	20	**(2)**	41
		5	(105)
Total other comprehensive income/ (expense) for the year, net of tax		**7**	(90)
Total comprehensive income for the year		**1,034**	1,186

The notes on pages 29 to 103 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2024

	Note	2024 $M	2023 $M
Non-Current assets			
Investments	14	**614**	476
Pension	16	**141**	132
Resale agreements and securities borrowed	18	**509**	—
Debtors	19	**2,739**	3,014
Deferred tax	20	**565**	572
		4,568	4,194
Current assets			
Trading assets *	17	**213,772**	193,863
Debt securities at FVOCI		**1,248**	1,746
Resale agreements and securities borrowed	18	**125,074**	98,057
Debtors	19	**49,009**	51,986
Cash and cash equivalents		**3,592**	3,139
		392,695	348,791
Current liabilities			
Bank loans and overdrafts		**6**	5
Trading liabilities	21	**178,878**	165,245
Repurchase agreements and securities loaned	22	**101,045**	60,755
Creditors	23	**53,765**	63,598
Net current assets		**59,001**	59,188
Total assets less current liabilities		**63,569**	63,382
Non-Current liabilities			
Repurchase agreements and securities loaned	22	**2,502**	2,183
Creditors	24	**24,302**	24,283
Net assets		**36,765**	36,916
Capital and reserves			
Called up share capital	25	**7,933**	7,933
Share premium account		**4,499**	4,499
Other reserves	26	**9,286**	9,284
Profit and loss account	26	**15,047**	15,200
Total equity		**36,765**	36,916

*Company's financial assets that have been pledged are $45,504 million (2023: $28,535 million). Refer to note 29 Collateral Received and Pledged for further details.

The financial statements on pages 24 to 103 were approved and authorised for issue by the Board and were signed on its behalf on 18 March 2025.

Bernard Mensah

B.A.Mensah
Chief Executive Officer
Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2024

	Note(s)	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
		$M	$M	$M	$M	$M
At 1 January 2024	25, 26	**7,933**	**4,499**	**9,284**	**15,200**	**36,916**
Profit for the financial year		—	—	—	**1,027**	**1,027**
Gains related to defined benefit plan assets and actuarial valuation of defined benefit obligations (net of deferred tax)	16	—	—	—	**5**	**5**
Movement in fair value of debt securities at FVOCI net of deferred tax	26	—	—	**2**	—	**2**
Total comprehensive income		—	—	**2**	**1,032**	**1,034**
Dividends paid	13	—	—	—	**(1,186)**	**(1,186)**
Group share based payment costs		—	—	—	**232**	**232**
Group share based payment costs recharged		—	—	—	**(231)**	**(231)**
At 31 December 2024		**7,933**	**4,499**	**9,286**	**15,047**	**36,765**

The notes on pages 29 to 103 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note(s)	Called up share capital $M	Share premium account $M	Other reserves $M	Profit and loss account $M	Total equity $M
At 1 January 2023	25, 26	7,933	4,499	9,162	14,965	36,559
Profit for the financial year		—	—	—	1,276	1,276
Losses related to defined benefit plan assets and actuarial valuation of defined benefit obligations (net of deferred tax)	16	—	—	—	(105)	(105)
Movement in fair value of debt securities at FVOCI	26	—	—	15	—	15
Total Comprehensive income		— —	—	15	1,171	1,186
Contributions	26	—	—	107	—	107
Dividends paid	13	—	—	—	(948)	(948)
Group share based payment costs		—	—	—	195	195
Group share based payment costs recharged		—	—	—	(183)	(183)
At 31 December 2023		**7,933**	**4,499**	**9,284**	**15,200**	**36,916**

The notes on pages 29 to 103 form part of these financial statements.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

Merrill Lynch International is a private unlimited company incorporated and domiciled in England and Wales, with branches in Dubai and Qatar along with a representative office in Zurich. The Company's registered office is at 2 King Edward Street London EC1A 1HQ.

The principal activities of the Company are to provide a wide range of financial services globally for business originated in EMEA, APAC and the Americas, to act as a broker and dealer in financial instruments and to provide corporate financial services. The Company also provides a number of post trade related services to third party clients, including settlement and clearing services.

The Company is owned by BofAML EMEA Holdings 2 Limited and BofAML Jersey Holdings Limited, the registered private companies incorporated in Jersey and registered at: Level 1, IFC1, The Esplanade, St Helier, JE2 3BX. BofAML EMEA Holdings 2 Limited holds 80.1% of the ordinary shares in the Company and BofAML Jersey Holdings Limited holds 19.9% of the ordinary shares in the Company. The Company's ultimate parent company and controlling party is BAC, a company organised and existing under the laws of the State of Delaware in the US, which produces consolidated financial statements available for public use. The principal executive offices of BAC is as follows: Bank of America Corporate Center, 100 North Tryon Street, NC1-007-56-06, Charlotte, North Carolina 28255.

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

These financial statements are the separate financial statements of the Company, prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). The financial statements have been prepared on a historical cost basis, modified to include the measurement of certain financial assets and liabilities at fair value, and in accordance with the Companies Act of 2006. The Company does not maintain historical cost information on items held at fair value as this is not relevant to the operation of the business.

FRS 101 set out the disclosure exemptions for the individual financial statements of entities that otherwise apply the recognition, measurement and disclosure requirements of UK adopted International Accounting Standards. 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 UK.

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 significant to the financial statements are disclosed in note 3 Critical Accounting Estimates and Judgements.

The financial statements have been 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.

The directors have a reasonable expectation, based on current and anticipated future performance, that the Company will continue in operational existence and has sufficient resources to meet its liabilities as they fall due for a period of at least 12 months from the date of approval of the annual report and financial statements. The financial statements of the Company have, therefore, been prepared on a going concern basis. Disclosures in respect of liquidity risk and capital management are set out in note 31 Risk Management.

These financial statements have been approved and authorised for issue by the Board on 18 March 2025. The directors have the power to amend and reissue the financial statements.

1. CORPORATE INFORMATION AND BASIS OF PREPARATION (continued)

The Company has taken advantage of the exemption in Section 401 of the Companies Act 2006 from the obligation to prepare and deliver consolidated financial statements as the Company is a wholly owned subsidiary of BAC, which prepares consolidated financial statements that include the Company. Accordingly, these financial statements present information about the Company as an individual undertaking and not about its group.

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 paragraphs 40 (A-D) of IAS 1 Presentation of Financial Statements to disclose a third balance sheet on retrospective accounting policy changes, restatements, or reclassifications
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member and the requirements of paragraph 17 of IAS 24 Related Party Disclosures to disclose key management personnel compensation, including share-based payments.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

2.1 NEW AND AMENDED ACCOUNTING STANDARDS AND POLICIES

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 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

2.2 FOREIGN CURRENCIES

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are subsequently re-translated into the functional currency using the exchange rates prevailing at the reporting date. Exchange gains and losses on monetary assets and liabilities are recognised in the income statement.

Changes in the fair value of monetary securities denominated in foreign currency classified as FVOCI are analysed between exchange gains and losses resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Exchange gains and losses related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

gains and losses on non-monetary financial assets measured at fair value through other comprehensive income are included in other comprehensive income.

2.3 INTEREST INCOME AND EXPENSE

Amortised cost and effective interest rate

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 effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The effective interest rate 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 effective interest rate for financial instruments other than credit-impaired assets, the Company estimates cash flows considering all contractual terms of the financial instrument, but does not consider expected credit losses. For financial assets that are credit-impaired at initial recognition, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate 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.

Calculation of interest income and expense

Interest income and expense for all financial instruments measured at amortised cost are recognised on an accrual basis using the effective interest method. Interest income on interest bearing financial assets measured at Fair Value through Other Comprehensive Income ("FVOCI") under IFRS 9 'Financial instruments' is also recorded using the effective interest rate method.

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

For financial assets that have become credit-impaired subsequent to initial recognition, the effective interest rate is applied to the amortised cost of the financial asset. If the asset is no longer credit- impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, the credit-adjusted effective interest rate is applied to the amortised cost of the financial asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

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 revenues and net gains and losses on other financial instruments at FVPL, respectively.

Negative interest on financial assets measured at amortised cost or FVOCI is recognised through interest expense, and negative interest on financial liabilities measured at amortised cost is recognised through interest income.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.4 OPERATING REVENUES

The Company has disclosed operating revenues instead of turnover as this more accurately reflects the results and nature of the Company's activities.

Net trading revenues

Trading revenue comprises realised and unrealised gains and losses on trading assets and liabilities, interest income and expense on FVPL investments, dividends, and gains and losses on derivatives held for the purpose of hedging foreign currency exposure and gains and losses on commodities. Unrealised gains and losses, which represent changes in fair value of inventories are also recognised within trading revenue as they arise.

Net gains and losses from other financial instruments at FVPL

Net income from other financial instruments at FVPL relates to financial assets and financial liabilities designated as FVPL, non-trading assets and liabilities measured mandatorily at fair value through profit or loss. The net income includes fair value changes and interest.

The company’s revenue recognition accounting policies for activities included in other operating revenues are below.

Investment and brokerage services

Brokerage fees include income earned from transaction-based services that are performed as part of investment management services and are based on a fixed price per unit or as a percentage of the total transaction amount. Brokerage fees are earned when the Company fills customer orders to buy or sell various financial products or when it acknowledges, affirms, settles and clears transactions and/or submits trade information to the appropriate clearing broker.

Certain customers pay brokerage, clearing and/or exchange fees imposed by relevant regulatory bodies or exchanges in order to execute or clear trades. These fees are recorded net and are not reflected in the transaction price, as the Company is an agent for those services.

Investment banking income

Investment banking income includes underwriting, financial advisory services, and syndication fee income. In accordance with IFRS 15 Revenue from contracts with customers, revenues from these services are recognised when the performance obligations related to the underlying transactions are completed, as detailed below.

Underwriting income consists of fees earned for the placement of a customer’s debt or equity securities. The revenue is generally earned based on a percentage of the fixed number of shares or principal placed. Once the number of shares or notes is determined and the service is completed, the underwriting fees are recognised.

Financial advisory services income consists of fees earned for advising customers with transactions related to mergers and acquisitions and financial restructuring. Revenue varies depending on the size and number 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 fair opinion, with the fees recognised when the opinion is delivered to the customer.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Syndication fee income represents fees earned as the agent responsible for structuring, arranging and administering a loan syndication. Revenue is typically recognised once the transaction is completed and all services have been rendered.

Practical expedient

The Company applied the practical expedient under IFRS 15 and did not disclose the value of any open performance obligations at 31 December 2024, 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.

MLI had no material contract assets or contract liabilities as at 31 December 2024 (2023: Immaterial).

Other operating gains and losses

Other operating income includes foreign exchange gains and losses and items not determined to be part of normal trading activities.

Service fee income from affiliates

Service fee income consists of charges made to affiliated undertakings to remunerate the Company for services provided or to reimburse the Company for expenditure incurred. Service fees are recognised as the performance obligation is satisfied which is generally aligned with when the Company is entitled to the compensation, which may be on completion of an individual performance obligation or over time as the performance obligation is performed. Service fee income is computed under arm's length principles in accordance with BAC's Global Transfer Pricing Policy.

2.5 RETIREMENT BENEFIT SCHEMES

The Company participates in defined benefit and defined contribution pension schemes in the UK.

For the defined benefit scheme, 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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality UK corporate bonds that have terms to maturity approximating to the terms of the related pension obligation. The net defined benefit pension asset/liability is presented as non-current.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to shareholders’ funds in Other Comprehensive Income ("OCI") in the period in which they arise.

The income statement includes interest charged or credited on the defined benefit assets and liabilities, the impact of foreign currency revaluation and service costs. This cost is included in administrative expenses in the income statement.

The Company also operates defined contribution plans which receive contributions calculated as a percentage of each employee’s plan salary based on their length of service. The Company's legal or constructive obligation for these plans is limited to the contributions. The contributions are recognised as staff costs when they are due.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.6 INVESTMENTS

Investments in subsidiary companies

A subsidiary is defined as an entity that is controlled by another entity. An investor controls an investee when it is exposed or has rights to variable returns from its involvement with the investee and/or has the ability to affect those returns through its power over the investee. Where the Company holds equity or equity-like instruments in a subsidiary, the balance is held within investments in subsidiaries. Investments in subsidiaries are held at cost less provision for impairment. Other non-equity holdings in special purpose entities are recognised at fair value within trading assets.

At each reporting date, the Company reviews the carrying amounts of its investments in subsidiary companies to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. The recoverable amount is the higher of the fair value less costs to sell and the value in use. In the event of impairment, the carrying amount of the asset is reduced to its recoverable amount and the amount of the impairment loss is recognised in the income statement.

Other investments

Other investments represent investments in unlisted equity investments which are mandatorily classified at FVPL in accordance with IFRS 9 Financial Instruments. Profit or loss on disposal of investments and dividends received from investments are disclosed in the income statement within net gains and losses from other financial instruments at FVPL.

2.7 FINANCIAL ASSETS

The Company recognises financial assets in the statement of financial position when it becomes a party to the contractual provisions of the instrument. Management determines the classification of the Company's financial assets at initial recognition. 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:

1. The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and,
2. 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.

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:

1. The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and,

2. 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 Company's cash and debtors, securities borrowed for cash, and reverse repurchase agreements that are not considered to be managed on a fair value basis, meet the requirements to be measured at amortised cost. In addition, investments in debt securities held to meet every day and regulatory liquidity requirements meet the requirements to be measured at FVOCI.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

All other financial assets, including trading assets, are classified as measured at FVPL. On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in fair value through other comprehensive income ("OCI"). This election is made on an investment-by-investment basis. The Company has not taken this election for its equity investments.

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 as at FVPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

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

The Company presents client cleared derivatives on balance sheet consistent with financial instrument recognition rules and supported by the client clearing legal framework which considers such arrangements as meaning that the clearing member becomes a contractual party to the contracts cleared through a Central Clearing Counterparties ("CCP").

2.8 CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, current accounts with central banks and amounts due from financial institutions on demand or with an original maturity of three months or less.

2.9 FINANCIAL LIABILITIES

The Company recognises financial liabilities in the statement of financial position when it becomes a party to the contractual provisions of the instrument. The Company classifies its financial liabilities in the following categories: amortised cost or FVPL.

Financial liabilities are classified as measured at amortised cost, except for those classified at FVPL which comprise of those held for trading or designated at FVPL.

A financial liability is classified at FVPL when it is held for trading. A liability is held for trading if it is incurred principally for the purpose of repurchasing in the near term or if it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking.

Financial liabilities are designated at FVPL to significantly reduce measurement inconsistencies that would arise if related instruments were treated as held for trading and the underlying financial liabilities were carried at amortised cost, or when doing so is consistent with the Company’s risk management strategy.

Trading liabilities, including derivative liabilities held for trading or held for risk management purposes, are measured at FVPL. Structured debt and similar instruments that do not meet the definition of a derivative are presented as creditors and are designated as at FVPL. Repurchase agreements and securities loaned transactions are either designated at FVPL or held at amortised cost. All remaining financial liabilities including customer payables, amounts owed to brokers, dealers and clearing houses and other creditors are held at amortised cost.

When the Company designates a financial liability as at FVPL, the amount of change in the fair value of the liability that is attributable to changes in its credit risk is presented in OCI as a debit valuation adjustments reserve. However, if on initial recognition of the financial liability the Company assesses that presentation in OCI would create, or enlarge, an accounting mismatch, then the gains and losses attributable to changes in the credit risk of the liability are also presented in profit or loss. Amounts presented in the debit valuation adjustments reserve are not

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

subsequently transferred to profit or loss. When these instruments are derecognised, the related cumulative amount in the reserve is transferred to retained earnings.

Current versus non-current classification

The Company presents current and non-current assets, and current and non-current liabilities, as separate classifications in its statement of financial position.

The Company classifies an asset as current when it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle; holds the asset primarily for the purpose of trading; expects to realise the asset within twelve months after the reporting period or the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period. All other assets are classified as non-current.

The Company classifies a liability as current when it expects to settle the liability in its normal operating cycle; holds the liability primarily for the purpose of trading; the liability is due to be settled within twelve months after the reporting period or when the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. All other liabilities are classified as non-current. The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The amount of each asset and liability line item presented as current is also expected to be recovered or settled no more than twelve months after the reporting period.

2.10 IMPAIRMENT

The Company calculates a probability-weighted loss allowance for Expected Credit Loss ("ECL") on its financial assets that are debt instruments, financial guarantees, and commitments that are not measured at FVPL. The Company’s credit exposures under these instruments are typically significantly less than twelve months in duration or otherwise are generally assessed as having no significant increase in credit risk since initial recognition. As a result, ECL is calculated on a twelve-month basis. In the event that significant financial difficulty or default of a counterparty indicates that an asset is credit-impaired, the ECL allowance is assessed on a lifetime basis, taking into account ECL that result from all possible default events over the expected life of the financial instrument.

Debt securities are written off, either partially or in full, when there is no realistic prospect of recovery. 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. However, 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.

2.11 RECOGNITION OF DAY ONE PROFIT OR LOSS

When 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. For Level 3 financial instruments and certain Level 2 instruments with less observable inputs (see note 33 Fair Value Disclosures), the difference between the transaction price and the fair value, commonly referred to as "day one 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. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

2.12 DIVIDEND DISTRIBUTION

Dividend distributions to the Company's shareholder are recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholder.

2.13 PHYSICAL COMMODITIES

Physical commodity contracts are considered inventory items in the scope of IAS 2 Inventories and therefore are not considered financial instruments. However, in line with IAS 2, as a broker dealer, inventory is held at fair value less costs to sell with changes in value recognised as net trading revenue as they arise.

2.14 CURRENT AND DEFERRED TAXATION

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in OCI or directly in shareholders' funds. In this case, the tax is recognised in OCI or directly in shareholders' funds, respectively.

Current tax, including UK corporation tax and foreign taxes, is provided for at amounts expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date and is measured at the average tax rates that are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised over the Company's planning horizon which is three years.

2.15 SECURITIES FINANCING TRANSACTIONS

The Company enters into secured financing transactions to accommodate customers and earn interest rate spreads (also referred to as "matched-book transactions"), to obtain securities for settlement and to finance trading positions. Such transactions are primarily entered in connection with resale and repurchase agreements, securities borrowed and loaned transactions and margin loans.

Resale and repurchase agreements are accounted for as secured financing transactions. Resale agreements are recorded at amortised cost, being their contractual amounts plus accrued interest, or mandatorily at FVPL, as a result of the business model assessment under IFRS 9. Repurchase agreements are recorded at amortised cost or at fair value under the fair value option election to eliminate accounting mismatch. Resale and repurchase agreements recorded at fair value are generally valued based on pricing models that use inputs with observable levels of price transparency.

Contractual interest coupon on resale and repurchase agreements at amortised cost are recorded as interest income or interest expense, as appropriate. Where resale and repurchase agreements are recorded at FVPL, interest is included with changes in the fair value of resale and repurchase agreements and presented in net gains and losses from other financial instruments at FVPL.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Securities borrowed transactions require the Company to provide the counterparty with collateral in the form of cash, letters of credit, or other securities. The Company receives collateral in the form of cash or other securities for securities loaned transactions. Securities borrowed transactions are recorded at amortised cost, being the amount of cash collateral advanced. Securities loaned transactions are recorded at amortised cost or at FVPL under the fair value option election. Where transactions are at FVPL, the fees paid or received by the Company are included with changes in the fair value and presented in net gains and losses from other financial instruments at FVPL. For all other securities loaned transactions, the fees paid or received by the Company are recorded as interest income or expense, as these instruments are accounted at amortised cost.

Customer margin loans provided by the Company to clients are collateralised by assets of the clients including securities. In many cases, the Company is permitted by contract or practice to sell or repledge the collateral. Customer margin loans are recorded at amortised cost.

The Company's policy is to obtain possession of collateral with a market value equal to or in excess of the principal amount loaned under the agreements. To ensure that the market value of the underlying collateral remains sufficient, collateral is generally valued daily and the Company may require counterparties to deposit additional collateral or may return collateral pledged when appropriate.

Securities financing transactions give rise to negligible credit risk as a result of these collateral provisions. These instruments therefore are managed based on market risk rather than credit risk. Substantially all repurchase and resale and securities borrowed and loaned activities are transacted under master agreements that give the Company the right, in the event of default of the counterparty, to liquidate collateral held and to offset receivables and payables with the same counterparty. The Company offsets certain repurchase and resale agreement balances with the same counterparty on the statement of financial position (see note 30 Offsetting).

Securities received under resale and securities borrowed agreements and securities delivered under repurchase and securities lending agreements are generally not recognised on or derecognised from the statement of financial position as the risks and rewards of ownership are not obtained from or relinquished to the counterparty. Subsequent sales of securities that the Company has borrowed are recognised as trading liabilities and are measured at fair value.

2.16 OFFSETTING

Where the Company has the legal right to net settle and intends to do so (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, the balance included within the financial statements is the net balance due to or from the counterparty. Counterparties are assessed to identify if net settlement criteria are met. Where this is achieved, assets and liabilities facing the counterparty are offset (see note 30 Offsetting).

CCP are individually assessed to identify if net settlement criteria are met. Where this is achieved, assets and liabilities facing the CCP are offset.

2.17 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire or it transfers substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a secured borrowing for the cash proceeds received.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

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 profit or loss. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Modifications to the terms of financial assets and liabilities may result in derecognition if it is deemed that the modification results in an expiry of the contractual rights and obligations of the original instrument, see note 2.21 Modifications of Financial Assets and Financial Liabilities for further details.

2.18 TRADE AND SETTLEMENT DATED TRANSACTIONS

Funding financial instruments (e.g., securities financing transactions) are recognised and derecognised on the statement of financial position on a settlement date basis. Trading financial instruments (e.g., debt securities, equities, derivatives, etc.) are recognised and derecognised on the statement of financial position on a trade date basis and trading loans are recognised and derecognised on a settlement date basis.

2.19 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 these awards 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 profit and loss 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.

2.20. FINANCIAL GUARANTEES AND COMMITMENTS

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 the debt.

2. SUMMARY OF MATERIAL ACCOUNTING POLICIES (continued)

Financial guarantees are initially recognised in the financial statements at fair value 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 light basis over the life of the guarantee, and the amount determined in accordance with the ECL model.

2.21 MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

If the terms of a financial asset or financial liability are modified, the Company evaluates whether the new terms of the modified instrument are substantially different to the original terms. If the new terms are substantially different, then the original instrument is derecognised and a new instrument, based on the modified terms, is recognised at fair value. Differences in the carrying amount are recognised in profit or loss as a gain or loss on derecognition.

If the contractual terms of the modified asset or liability carried at amortised cost are not substantially different, then the modification does not result in derecognition. Instead, the Company recalculates the gross carrying amount of the financial instrument based on the revised cash flows of the financial instrument and recognises a modification gain or loss in profit or loss. The new gross carrying amount is recalculated by discounting the modified cash flows at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

If such a modification of a financial asset is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with impairment losses. In other cases, it is presented as interest income.

Where modification does result in derecognition, the date of renegotiation is considered to be the date of initial recognition for impairment calculation purposes, including for the purposes of determining where a significant increase in credit risk has occurred.

A restructure can be considered substantial on a qualitative or quantitative basis.

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 an adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Estimates

a) Valuation of financial instruments

Fair value is defined under IFRS 13 - Fair Value Measurement, as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company's policy for valuation of financial instruments is included in note 33 Fair Value Disclosures. 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. Examples of such inputs include security prices, interest rate yield curves, option volatility, currency rates, commodity prices or equity prices and correlations between these inputs.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (continued)

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.

b) Pensions

The Company has an obligation to pay pension benefits to certain employees and former employees of the BAC group. The cost of these benefits and the present value of the obligation depend on a number of factors, including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management utilises the valuation provided by actuaries and estimates these factors in determining the net pension obligation or surplus in the statement of financial position. The assumptions reflect historical experience and current trends. See note 16 Pension for further information concerning the defined benefit pension scheme.

Judgements

a) 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 2.7 Financial Assets for further details regarding classification of financial assets.

b) Deferred tax

The Company has recognised a deferred tax asset in its financial statements which requires judgement for determining the extent of its recoverability at each reporting point. The Company assesses recoverability with reference to Board approved forecasts of future taxable profits. These forecasts require the use of assumptions and estimates. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits. See note 20 Deferred Tax for further information concerning deferred tax.

4. INTEREST INCOME AND EXPENSE

	2024 $M	2023 $M
Interest income		
Resale agreements and securities borrowed transactions	**2,923**	2,338
Debtors, cash and cash equivalents	**2,405**	2,120
Cash collateral	**618**	674
	5,946	5,132
Interest expense		
Repurchase agreements and securities loaned transactions	**(2,211)**	(1,790)
Creditors, bank loans and overdrafts	**(3,719)**	(3,199)
Cash collateral	**(518)**	(532)
Negative interest on debt securities at FVOCI	**—**	(3)
	(6,448)	(5,524)
Net interest expense	**(502)**	(392)

Interest income due from affiliated companies within resale agreements and securities borrowed transactions was $2,385 million (2023: $1,984 million), and within debtors, cash at bank and in hand was $724 million (2023: $909 million).

Interest expense due to affiliated companies within repurchase agreements and securities loaned transactions was $795 million (2023: $796 million), and within creditors, bank loans and overdrafts was $2,473 million (2023: $2,012 million).

Interest income and expenses on cash collateral on derivatives previously disclosed within debtors, cash and cash equivalents and creditors, bank loans and overdrafts have been shown separately to provide granularity. Prior year comparatives have also been disclosed on the same basis.

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

	2024 $M	2023 $M
Net gains from other financial instruments mandatorily at fair value through profit or loss	**3,907**	2,436
Net losses from other financial instruments designated at fair value through profit or loss	**(4,489)**	(2,336)
	(582)	100

6. OTHER OPERATING REVENUES

	2024 $M	2023 $M
Service fee income from affiliates	**1,097**	1,332
Investment and brokerage services	**520**	471
Investment banking income		
Underwriting income	**208**	198
Financial advisory services	**137**	119
Syndication fees	**15**	9
Other operating gains	**107**	154
Total other operating revenues	**2,084**	2,283

Service fee income from affiliates includes Remote Trading fees of $415 million (2023: $502 million), IBK fees of $345 million (2023: $341 million) and Equity Network Support fees of $112 million (2023: $257 million).

Remote trading services occur where a trader is employed in one legal entity and is managing risk and positions on a different legal entity.

IBK fees consist of $195 million (2023: $221 million) IBK franchise fees and $150 million (2023: $120 million) IBK service fees paid by affiliates. IBK franchise fees are paid by BAC and US affiliates to compensate the Company for operating the Global Banking business from which BAC and other US affiliates accrue benefits. IBK service fees reflect the revenues earned by the Company's investment banking business initially recorded in other affiliates.

The Equity Network Support fees are paid by US affiliates to compensate the Company for operating its Cash Equities business, as part of BAC's Global Markets business, from which those US affiliates accrue benefits.

Other operating gains include foreign exchange losses of $77 million (2023: $10 million losses).

7. ADMINISTRATIVE EXPENSES

	2024 $M	2023 $M
Staff costs (see note 9)	**1,196**	1,095
Service fee expenses	**2,916**	2,719
Brokerage, clearing and exchange fees	**843**	814
Other operating expenses	**409**	426
	5,364	5,054

8. AUDITORS' REMUNERATION

The Company paid the following amounts to their auditors in respect of the audit of the financial statements and for other services provided to the Company:

	2024	2023
	$M	$M
Fees payable to the Company's auditors for the audit of the Company's financial statements	**2.5**	2.3
Fees payable to the Company's auditors for audit related assurance services	**0.9**	0.9
	3.4	3.2

Included within fees payable to the Company's auditors for audit related assurance services was $0.5 million (2023: $0.4 million) in relation to services provided for client money (Client Assets Assurance Standard) reporting to the FCA.

9. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2024	2023
	$M	$M
Wages and salaries	**995**	926
Social security costs	**153**	128
Other pension costs	**48**	41
	1,196	1,095

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

	2024	2023
	No.	No.
Trading, sales and advisory	**1,016**	1,120
Support, operations and technology	**1,226**	1,127
	2,242	2,247

10. DIRECTORS' REMUNERATION

Of the directors that served during the year and up to the date of approval of this report 8 (2023: 8) directors were remunerated by the Company and the amounts included below are those relating to their services as directors for the Company and its subsidiaries based on a time allocation basis. Emoluments in relation to services performed for other group companies are not disclosed in the Company's financial statements.

Remuneration paid to directors of the Company was:

	2024	2023
	$	$
Emoluments	**13,454,988**	12,744,665
Contributions to defined contribution pension schemes	**19,811**	12,258
Compensation for loss of office	**—**	700,297

	2024	2023
Number of directors who:	**No.**	No.
By whom shares are receivable or have been received under long term incentive schemes	**3**	4
Were members of a defined contribution pension scheme	**3**	4

Remuneration disclosed includes amounts paid to the highest paid director as follows:

	2024	2023
	$	$
Emoluments	**5,456,976**	4,813,211
Contributions to defined contribution pension schemes	**4,473**	2,600

The highest paid director did not exercise share options in the current or prior year.

During the current and preceding year the highest paid director received shares under a long-term incentive scheme.

The highest paid director was not a member of a defined benefit scheme.

11. TAX ON PROFIT

	2024 $M	2023 $M
Corporation tax		
UK corporation tax	**75**	104
Adjustment in respect of prior year	**(7)**	(21)
Foreign tax on income for the year	**148**	121
Bank surcharge	**33**	53
Total current tax	**249**	257
Deferred tax		
Origination and reversal of temporary differences	**7**	26
Impact of change in tax rates	**—**	(10)
Adjustments in respect of prior year	**—**	(13)
Impact of bank surcharge	**(3)**	2
Total deferred tax	**4**	5
Total tax expense for the year	**253**	262

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 UK corporation tax rate to the Company's profit before tax.

	2024 $M	2024 Percent	2023 $M	2023 Percent
Profit before tax	**1,280**	**100.0 %**	1,538	100.0 %
Tax at standard rate of corporation tax in the UK of 25% (2023 - 23.52%)	**320**	**25.0 %**	362	23.5 %
Effects of:				
Expenses not deductible for tax purposes	**14**	**1.1 %**	12	0.8 %
Non-taxable income	**(25)**	**(2.0)%**	(5)	(0.3)%
Adjustments in respect of prior year	**(7)**	**(0.5)%**	(21)	(1.4)%
Impact of bank surcharge on deferred tax	**(3)**	**(0.2)%**	2	0.1 %
Impact of bank surcharge on current tax	**33**	**2.6 %**	53	3.4 %
Changes in deferred tax recognised on tax losses	**(31)**	**(2.4)%**	(55)	(3.5)%
Changes in deferred tax recognised on temporary differences	**(62)**	**(4.8)%**	(83)	(5.4)%
Net impact of foreign taxes	**14**	**1.1 %**	7	0.5 %
Effects of changes in tax rate	**—**	**— %**	(10)	(0.7)%
Total tax expense for the year	**253**	**19.8 %**	262	17.0 %

The Company's effective tax rate for the year is 19.8% (2023: 17.0%).

11. TAX ON PROFIT (continued)

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 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.

Pillar Two legislation was enacted in the UK, the jurisdiction in which the Company is 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 the UK (if below 15%) and the 15% minimum rate.

For the year ended 31 December 2024, the Company has not recognised any current tax expense or income related to the legislation because the BAC Group has a GloBE effective tax rate above the 15% minimum tax rate in the UK.

Factors that may affect future tax charges

Factors that may affect future tax charges are disclosed in note 20 Deferred Tax.

12. REVENUE BY GEOGRAPHY

The Company operates in three geographic regions, being EMEA, the Americas and APAC. Due to the highly integrated nature of international financial markets, the Company identifies its geographic performance based on the regional business unit structure. The methodology for allocating revenue to geographic regions is dependent on estimates and management judgement.

The table below presents the total net operating revenues of the Company by geographic region:

	2024	2023
	$M	$M
EMEA	**4,208**	4,432
Americas	**686**	451
APAC	**1,750**	1,709
Total net operating revenues	**6,644**	6,592

13. DIVIDENDS PAID

	2024	2023
	$M	$M
Dividends paid: $0.15 per share (2023: $0.12 per share)	**1,186**	948

14. INVESTMENTS

	Investments in subsidiary companies	Other investments	Total
	$M	$M	$M
At 1 January 2024	**350**	**126**	**476**
Additions	**95**	**—**	**95**
Fair value movements	**—**	**43**	**43**
At 31 December 2024	**445**	**169**	**614**

The following table relates to comparatives for the year ended 31 December 2023:

	Investments in subsidiary companies	Other investments	Total
	$M	$M	$M
At 1 January 2023	243	96	339
Additions	107	—	107
Fair value movements	—	30	30
At 31 December 2023	**350**	**126**	**476**

Investments in subsidiary companies

The Company has an investment of $339 million (2023: $243 million) in Fundo de Investimento Multimercado Iceberg - Credito Privado - Investimento No Exterior ("Iceberg"). The Company exercises power and control over Iceberg. It is therefore disclosed as a subsidiary undertaking in accordance with IFRS 10 - Consolidated Financial Statements. Under its legal form, Iceberg would not be classified as a subsidiary.

During the year, there was a net capital injection of $95 million (2023: $0 million capital injection), and there was no impairment (2023: $0 million) in relation to Iceberg.

The Company has an investment of $107 million in ML UK Capital Holdings Limited and of $0.1 million (2023: $0.1 million) in Merrill Lynch, Pierce, Fenner & Smith Limited ("MLPF&S Limited").

The Company's remaining investments in subsidiaries is immaterial.

For further details on the Company's investments in subsidiaries, see note 15 Subsidiary Undertakings.

Other investments

Other investments, which are held at fair value through profit and loss in accordance with IFRS 9, consist of unlisted equity securities valued at $169 million (2023: $126 million).

15. SUBSIDIARY UNDERTAKINGS

The following are subsidiary undertakings of the Company:

Name	Class of shares	Holding	Principal activity
Bank of America UK Retirement Plan Trustees Limited	Ordinary	100%	Trustee of the Bank of America UK Retirement Plan
Chetwynd Nominees Limited	Ordinary	100%	Nominee company for affiliated companies
Citygate Nominees Limited	Ordinary	100%	Nominee company for affiliated companies
Iceberg	Quotas	100%	Government bonds, futures, stocks-equity cash and Bovespa index flexible options
Merrill Lynch Nominees Limited	Ordinary	100%	Nominee company for affiliated companies
MLPF&S Limited	Ordinary	100%	Intercompany funding
ML UK Capital Holdings Limited	Ordinary	100%	Intercompany funding
N. Y. Nominees Limited	Ordinary	100%	Nominee company for affiliated companies
S. N. C. Nominees Limited	Ordinary	100%	Nominee company for affiliated companies

There was a capitalisation of Iceberg during the year (refer to note 14 Investments for additional information). On 12 September 2024 MLPF&S Limited was placed into Members Voluntary Liquidation. There were no other changes to subsidiary undertakings and/or holding % during the year.

All of the above, except Iceberg, are incorporated in the UK and registered at: 2 King Edward Street, London, EC1A 1HQ. Iceberg is incorporated in Brazil and registered at: Av Pres Juscelino Kubitschek, 1909, 9th - 11th Floors, Torre Sul, Vila Nova Conceicao, Sao Paulo - 04543-907, Brazil.

15. SUBSIDIARY UNDERTAKINGS (continued)

The Company also holds the controlling interests in the following Special Purpose Entities ("SPEs") which are included at fair value in trading assets.

Name	Country of incorporation	Registered address	Principal activity
Atena Limited Series 37, 39, 62, 66, 67 and 69	Cayman Islands	MAPLESFS LIMITED, P. O. Box 1093, Queensgate House, 113 South Church Street, Grand Cayman, KY1-1102, Cayman Islands	Callable JGB repackaged loan
Azusa Limited Series 515, 521, 526, 529	Cayman Islands	PO Box 10085, 3rd Floor, Zephyr House, 122 Mary Street, Georgetown KY1-1001 Cayman Islands.	Convertible Bond Repack
Calculus ABS Resecuritisation Trust – Series 2006-1 and 2006-3	Cayman Islands	Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands	Issuing debt securities
Ironwood Trustee (PTY) Limited	South Africa	Glyn Marais Inc. 2nd Floor, The Place, 1 Sandton Drive, Sandton, 2196	100% Consolidated Trust
Oxygen Capital Limited Series 17, 21, 43, 86 and 112	Cayman Islands	PO Box 309, Ugland House, South Church Street, George Town, KY1-1104, Cayman Islands	Callable JGB repackaged loan
Pyxis Limited	Cayman Islands	250 Vesey Street, NY, NY, 10281	Source funding
Single Platform Investment Repackaging Entity SA, in respect of its compartment 2024-72 and 2024-268	Luxembourg	51, avenue John F. Kennedy, L-1855	Repackaging inventory and issuing as note
Starsia Capital Limited Series 11, 12 and 13	Cayman Islands	PO Box 309, Ugland House, South Church Street, George Town, KY1-1104, Cayman Islands	Callable JGB repackaged loan

The total assets on the Company's statement of financial position relating to controlling interests in SPEs are $641 million (2023: $474 million). The total size of those SPEs, which is calculated as the principal outstanding of the SPE, is $661 million (2023: $485 million).

16. PENSION

The Company participates in a number of defined benefit and defined contribution pension schemes in the UK. The schemes are funded with the assets held in separate trustee administered funds.

Defined benefit scheme

The major defined benefit scheme is the final salary section of the Bank of America UK Retirement Plan (the "Plan"), which was closed to new entrants with effect from 30 June 1997 and to future accrual from existing members with effect from 30 June 2004. The funding cost relating to the Plan is assessed in accordance with the advice of independent qualified actuaries using the projected unit credit method.

The Company was one of a number of BAC employer companies based in the United Kingdom which participated in the plan. However, following various corporate changes, the Company became the sponsoring entity to the Plan. The only other participating employer in the Plan as at 31 December 2024 is ML Invest Holdings.

The Plan operates under the UK statutory Scheme Funding Regime established by the Pensions Act 2004. The last formal triennial funding valuation of the Plan's assets was carried out by a qualified actuary as at 31 December 2021 and showed the Plan's assets were in excess of its technical provisions.

The Company is able to utilise the whole of the Plan surplus in scenarios set out for the recognition of surpluses. Accordingly, there is no asset ceiling on the amount of surplus that is currently recognised in the statement of financial position.

The defined benefit plan is administered by a separate trust that is legally separated from the Company. By law, the board of trustees is required to act in the best interests of participants to the Plan and has the responsibility of setting investment, contribution, and other relevant policies.

The Company is deemed to be the sponsoring entity to the Plan and as a result, the Company recognises the present value of the defined benefit obligation, the fair value of the Plan assets, and the associated costs of the Plan.

	2024	2023
	$M	$M
Amounts recognised on the statement of financial position:		
Fair value of scheme assets	**1,099**	1,261
Present value of funded defined benefit obligations	**(958)**	(1,129)
Net pension asset recognised in the statement of financial position	**141**	132

In 2024, the value of the Plan's assets reduced but the value of the Plan's liabilities reduced further, which led to an overall increase in the net asset recognised. The main factor driving the decrease in liabilities was an increase in the discount rate following an increase in the yields on corporate bonds. Other factors causing the decrease were updates to the non-financial assumptions adopted. The majority of the decrease in the Plan's assets is as a result of hedging against movements in government bond yields in order to reduce the volatility of the Plan's long-term funding measure. Over the year government bond yields increased, leading to a decrease in hedging asset values.

16. PENSION (continued)

The movement in the defined benefit net asset over the year is as follows:

	Present value of obligation	Fair value of plan assets	Total
	$M	**$M**	**$M**
2024			
As at 1 January 2024	**(1,129)**	**1,261**	**132**
Service cost	**(3)**	**—**	**(3)**
Interest (expense)/income	**(52)**	**58**	**6**
Pension (expense)/income recognised in income statement	**(55)**	**58**	**3**
Remeasurements in OCI:			
Losses on plan assets, excluding amounts included in interest (expense)/income	**—**	**(159)**	**(159)**
Gains from change in demographic assumptions	**8**	**—**	**8**
Gains from change in financial assumptions	**149**	**—**	**149**
Gains from plan experience	**9**	**—**	**9**
Total amount recognised in OCI	**166**	**(159)**	**7**
Exchange differences	**17**	**(19)**	**(2)**
Contributions:			
Employer	**—**	**1**	**1**
Payments from plan:			
Benefit payments	**43**	**(43)**	**—**
As at 31 December 2024	**(958)**	**1,099**	**141**

Approximately 5% of the liabilities are attributable to current employees, 55% to former employees and 40% to current pensioners.

Employer contributions of $1 million were paid into the Plan in the year by the Company. No recharge was made for these costs to the other scheme participants. It is estimated that the Company will also pay contributions of $1 million into the Plan in 2025.

The Company is aware of the industry developments around the requirements of Section 37 of the Pension Schemes Act 1993 and its potential implications, and understands that the Plan Trustee has taken legal advice on this. Following this advice the Trustee has decided to take no further immediate action to investigate, as the Trustee has no reason to believe that the relevant certifications were not obtained at the time any relevant amendments were made. The Company, in conjunction with the Plan Trustee, will keep the situation under review including monitoring any further industry developments or Court rulings.

16. PENSION (continued)

	Present value of obligation $M	Fair value of plan assets $M	Total $M
2023			
As at 1 January 2023	(966)	1,218	252
Service cost	(4)	—	(4)
Interest (expense)/income	(48)	61	13
Pension (expense)/income recognised in income statement	(52)	61	9
Remeasurements in OCI:			
Losses on plan assets, excluding amounts included in interest (expense)/income	—	(52)	(52)
Gains from change in demographic assumptions	2	—	2
Losses from change in financial assumptions	(35)	—	(35)
Losses from plan experience	(61)	—	(61)
Total amount recognised in OCI	(94)	(52)	(146)
Exchange differences	(60)	73	13
Contributions:			
Employer	—	4	4
Payments from plan:			
Benefit payments	43	(43)	—
As at December 2023	**(1,129)**	**1,261**	**132**

Approximately 5% of the liabilities are attributable to current employees, 57% to former employees and 38% to current pensioners.

Employer contributions of $4 million were paid into the Plan in the year by the Company. No recharge was made for these costs to the other scheme participants.

16. PENSION (continued)

The significant actuarial assumptions were as follows:

	2024	2023
Discount rate	**5.65%**	4.65%
RPI inflation	**3.15%**	3.20%
CPI inflation	**2.75%**	2.70%
Salary growth rate	**4.65%**	4.70%
Pension growth rate - subject to a 5% cap in any year	**2.95%**	3.00%
Pension growth rate - subject to a 3% cap in any year	**2.15%**	2.15%
Pension growth rate - fixed at 3%	**3.00%**	3.00%
Average life expectancy:		
Life expectancy for male aged 62	**25.7**	25.9
Life expectancy for female aged 62	**27.6**	27.8
Life expectancy at 62 for male currently aged 45	**26.4**	26.9
Life expectancy at 62 for female currently aged 45	**28.4**	28.8

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 salary and pension growth rates are all linked to inflation, with the exception of the fixed increase of 3%.

The Plan assets are invested in the following asset classes:

	2024	2023
	$M	$M
Return-seeking funds	**88**	148
Fixed-interest funds	**88**	139
Liability driven investments and money market instruments	**661**	676
Annuity buy-in	**262**	298
Total Plan assets	**1,099**	1,261

Of the $1,099 million Plan assets, $826 million (2023: $919 million) are quoted within an active market, materially being the liability driven investments and money market instruments.

In 2018, the Trustees of the Plan bought a bulk annuity to meet the future pension payments for all of its then retired members. The annuity is written in the name of the Trustees and remains an asset of the Plan. It is valued for accounting purposes using the same assumptions set out in the table, and its value is the same for both plan asset and present value of obligation purposes.

16. PENSION (continued)

The Plan exposes the Company to a number of risks, the most significant of which are:

Volatility

The liabilities are calculated using a discount rate set with reference to corporate bond yields; if assets underperform this yield, this will create a deficit. The Plan holds a proportion of return-seeking assets which, though expected to outperform corporate bonds in the long-term, create volatility and risk in the short-term. The allocation to growth assets is monitored to ensure it remains appropriate given the Plan's long-term objectives.

Changes in bond yields

A decrease in corporate bond yields will increase the value placed on the Plan's liabilities for accounting purposes. Although the Plan's assets include a significant liability driven instruments portfolio that are designed to mitigate against a fall in government bond yields on a long-term funding measure, changes in credit spreads and differences between the long-term funding and accounting liabilities may mean that movements in the Plan's liabilities and assets do not match each other.

Inflation risk

A significant proportion of the Plan’s benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities (although, in most cases, caps on the level of inflationary increases are in place to protect against extreme inflation). However, the Plan's protection assets are also designed to protect the Plan against an increase in inflation.

Life expectancy

The majority of the Plan’s liabilities are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities, although the Plan's annuity policy provides this protection on the corresponding part of the Plan's liabilities.

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

	Defined benefit obligation 2024	**Estimated 2025 service cost**	**Defined benefit obligation 2023**	**Estimated 2024 service cost**
	$M	**$M**	**$M**	**$M**
Current figures as at 31 December	**958**	**1**	1,129	1
Following a 1.0% decrease in the discount rate				
Change	**139**	**—**	174	—
New value	**1,097**	**1**	1,303	1
Following a 1.0% increase in the inflation assumption				
Change	**77**	**—**	93	—
New value	**1,035**	**1**	1,222	1
Following an increase in life expectancy of one year				
Change	**37**	**—**	44	—
New value	**995**	**1**	1,173	1

16. PENSION (continued)

The above sensitivity analyses are based on a change in assumption, while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions might be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (that is, present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting year) has been applied as when calculating the pension liability recognised within the statement of financial position.

The discount rate and inflation sensitivity information shown above has been prepared using the same method as adopted when adjusting the results of the latest funding valuation to the statement of financial position date. The inflation sensitivity takes account of the corresponding impacts on both salary and pension growth and is based on both RPI and CPI inflation assumptions.

The life expectancy sensitivity information shown above is approximate and has been determined taking into account the duration of the liabilities and the overall profile of the Plan membership.

The history of asset values, defined benefit obligation and surplus is set out below:

	2024	2023	2022	2021
	$M	$M	$M	$M
Fair value of scheme assets	**1,099**	1,261	1,218	2,313
Defined benefit obligation	**(958)**	(1,129)	(966)	(1,890)
Net pension asset value	**141**	132	252	423

Following the 31 December 2021 actuarial funding valuation, it was agreed on the basis of actuarial advice that the participating companies would pay the following:

- The agreed contributions for members to the Money Purchase Section of the Plan;
- 0.5% of Plan salaries in respect of spouses' death in service pensions for relevant members of the Plan;
- Lump sum death in service premiums;
- Any levies due to the Pension Protection Fund; and
- Other expenses.

The contribution requirement is monitored following each annual funding review and any contribution payments may be adjusted accordingly.

The Plan duration is an indicator of the weighted-average time until benefit payments are paid. For the Plan as a whole, the duration is approximately 14 years.

Defined contribution schemes

The major defined contribution scheme is the Bank of America UK Retirement Plan – Money Purchase Section. The cost is a percentage of each employee’s plan salary based on their length of service and these costs are charged to the income statement in the period in which they fall due.

The Company's pension cost for the year in respect of defined contribution schemes was $51 million (2023: $50 million).

17. TRADING ASSETS

	2024	2023
	$M	$M
Derivative assets	**150,522**	141,020
Equities and convertible debentures	**37,173**	32,075
Corporate debt and preferred stock	**11,322**	10,198
Mortgage-backed and asset-backed securities	**1,083**	1,397
Non-US governments and agencies	**9,349**	5,330
US government and agencies	**31**	5
Commodities	**4,292**	3,838
	213,772	193,863

Balances with affiliated companies within trading assets were $55,675 million (2023: $52,009 million).

Commodities inventory under trading assets comprises of European Allowance Certificates ("EUA") and precious metals.

18. RESALE AGREEMENTS AND SECURITIES BORROWED

	2024	2023
	$M	$M
Resale agreements and securities borrowed transactions	**125,074**	98,057
Amounts falling due after more than one year:		
Resale agreements and securities borrowed transactions	**509**	—
	125,583	98,057

Balances with affiliated companies within resale agreements and securities borrowed transactions were $72,181 million (2023: $60,642 million).

Included within resale agreements and securities borrowed transactions, $51,798 million were mandatorily at FVPL (2023: $39,839 million), the remaining balance is held at amortised cost.

19. DEBTORS

	2024 $M	2023 $M
Debtors due within 1 year:		
Trade debtors		
Customer receivables	**33,408**	33,005
Brokers, dealers and clearing houses	**12,931**	15,633
	46,339	48,638
Other debtors	**2,670**	3,348
Debtors due after 1 year:		
Other debtors	**2,739**	3,014
	51,748	55,000

Balances with affiliated companies within customer receivables were $5,566 million (2023: $5,703 million), within brokers, dealers and clearing houses were $6,026 million (2023: $8,354 million), and within other debtors due within 1 year were $2,126 million (2023: $2,883 million).

Balances with affiliated companies within other debtors due after 1 year were $2,739 million (2023: $3,014 million).

20. DEFERRED TAX

In the reporting period and the comparative period, the recognised deferred tax liabilities and assets were recorded and are split as follows:

Movement in deferred tax balances

	1-Jan-24	Recog. in P&L At stand. tax rate	Recog. in P&L Bank Surcharge	Recog. in P&L Rate change	FX	Recog. in OCI	31-Dec-24
	$M	$M	$M	$M	$M	$M	$M
Tax losses	**276**	**(38)**	**—**	**—**	**—**	**—**	**238**
Pension	**(37)**	**—**	**—**	**—**	**—**	**(2)**	**(39)**
Capital gains	**(16)**	**(5)**	**(1)**	**—**	**—**	**—**	**(22)**
Share based payments	**111**	**36**	**4**	**—**	**—**	**—**	**151**
Fair value on debt securities	**7**	**—**	**—**	**—**	**—**	**(1)**	**6**
Loan relationships	**231**	**—**	**—**	**—**	**—**	**—**	**231**
Net tax assets	**572**	**(7)**	**3**	**—**	**—**	**(3)**	**565**

	1-Jan-23	Recog. in P&L At stand. tax rate	Recog. in P&L Bank Surcharge	Recog. in P&L Rate change	FX	Recog. in OCI	31-Dec-23
	$M	$M	$M	$M	$M	$M	$M
Tax losses	291	(20)	—	5	—	—	276
Pension	(71)	(5)	(1)	3	(4)	41	(37)
Capital gains	(11)	(4)	(1)	—	—	—	(16)
Share based payments	94	16	—	1	—	—	111
Fair value on debt securities	—	—	—	—	—	7	7
Loan relationships	230	—	—	1	—	—	231
Net tax assets	**533**	**(13)**	**(2)**	**10**	**(4)**	**48**	**572**

The deferred tax assets recognised on the balance sheet of $565 million (2023: $572 million) relate to losses and temporary differences. A deferred tax asset of $238 million relates to losses suffered in prior years. Management has concluded that these deferred tax assets will be fully recovered in the future based on financial results, forecasts of future taxable profits over the Company's three-year planning horizon.

The Company has unrecognised deferred tax assets totalling $7,945 million (2023: $8,045 million), primarily in relation to losses. Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

The deferred tax assets and liabilities are held at the standard rate of corporation tax of 25% in relation to losses and 28% (to include bank surcharge) in relation to temporary differences.

21. TRADING LIABILITIES

	2024	2023
	$M	$M
Derivative liabilities	149,509	140,830
Equities and convertible debentures	18,522	16,791
Corporate debt and preferred stock	2,150	2,010
Non-US government and agencies	7,282	4,630
US governments and agencies	661	346
Commodities	754	638
	178,878	165,245

Balances with affiliated companies within trading liabilities were $50,773 million (2023: $47,595 million).

22. REPURCHASE AGREEMENTS AND SECURITIES LOANED

	2024	2023
	$M	$M
Amounts falling due within one year:		
Repurchase agreements and securities loaned transactions	101,045	60,755
Amounts falling due after more than one year:		
Repurchase agreements and securities loaned transactions	2,502	2,183
	103,547	62,938

Balances with affiliated companies within repurchase agreements and securities loaned transactions were $37,737 million (2023: $21,247 million).

Within repurchase agreements and securities loaned transactions, $53,687 million (2023: $38,700 million) were designated at FVPL. The amount contractually required to pay at maturity to the holder of these obligations was $53,698 million (2023: $38,717 million). The remaining balance is held at amortised cost.

23. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2024 $M	2023 $M
Trade creditors		
Customer payables	**34,519**	39,549
Brokers, dealers and clearing houses	**7,397**	9,584
	41,916	49,133
Other creditors	**11,849**	14,465
	53,765	63,598

Balances with affiliated companies within customer payables were $4,052 million (2023: $7,145 million), within brokers, dealers and clearing houses were $2,429 million (2023: $2,571 million) and within other creditors were $6,092 million (2023: $6,887 million).

At 31 December 2024, the Company also had financial liabilities designated at FVPL presented within amounts owed to affiliated companies totalling $1,423 million (2023: $2,478 million) and within other creditors totalling $5,120 million (2023: $5,683 million). The amounts contractually required to pay at maturity to the holder of these obligations were $503 million (2023: $2,114 million) and $5,442 million (2023: $6,672 million) respectively.

Included within other creditors and accruals were $49 million (2023: $45 million) relating to taxation and social security.

The Company maintains certain client money balances with banks and clearing houses which principally arise where it acts on behalf of its clients as a clearing member for derivatives that are cleared through central counterparties. These balances are held subject to client money protection under the Client Assets Sourcebook rules, and the Company concluded that such amounts should not be recognised on its balance sheet as they are not assets of the Company. Therefore, client money assets amounting to $4,114 million (2023: $3,848 million) have not been recognised on the Company's balance sheet, $1,644 million (2023: $709 million) from cash balances and $2,470 million (2023: $3,139 million) from brokers, dealers and clearing houses, respectively.

Day one profit / (loss)

Included in other creditors and in the table that follows is net day one profit 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.

	2024 $M	2023 $M
At 1 January	**127**	81
Net Day one profit on new trades not recognised in Income Statement	**228**	124
Settlements/disposals	**(63)**	(30)
Released due to subsequent observability	**(61)**	(48)
At 31 December	**231**	127

24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2024	2023
	$M	$M
Subordinated loans from affiliated companies	**1,500**	—
Amounts owed to affiliated companies	**21,845**	24,283
Trade creditors		
Other creditors	**957**	—
	24,302	24,283

Creditors due after more than one year comprises of:

	2024	2023
	$M	$M
Between one and two years		
Subordinated debt: US Dollar denominated loan note, bearing interest at overnight SOFR plus 80 basis points	**1,500**	—
Amounts owed to affiliated entities		
Amounts drawn on multi-currency credit facilities	**6,458**	12,447
Money market trades with affiliated company	**2,645**	700
Other creditors	**919**	—
Between two and five years		
Amounts owed to affiliated entities		
Money market trades with affiliated company	**4,416**	3,326
Other creditors	**1**	—
Other creditors	**32**	—
After five years		
Amounts owed to affiliated entities		
US Dollar denominated loan notes maturing in 2034 and bearing interest at daily USD SOFR plus 170 basis points (2023: Daily USD SOFR plus 170 basis points)	**2,748**	3,023
Money market trades with affiliated company	**5,562**	4,787
Other creditors	**15**	—
Other creditors	**6**	—
	24,302	24,283

24. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR (continued)

The Company has available credit facilities due after more than one year of $39,265 million (2023: $37,000 million) from affiliated companies. The undrawn element at 31 December 2024 was $32,807 million (2023: $24,553 million).

The drawn element is charged at a floating rate aligned with the benchmark associated with the denomination of currency borrowed and is payable in 2026 (2023: 2025) with due dates automatically extended semi-annually unless the lender provides written notice of its election not to extend.

On 31 December 2024 there was a drawn amount of $1,500 million subordinated loan facility with an affiliated Company.

Long term financial liabilities designated at FVPL presented within amounts owed to affiliated companies were $16 million and within other creditors and accruals were $957 million).

25. CALLED UP SHARE CAPITAL

	2024 $M	2023 $M
Allotted, called up and fully paid 7,933,027,945 (2023: 7,933,027,945) ordinary shares of $1.00 each	**7,933**	7,933

26. RESERVES

Profit and loss account

The Profit and loss account as at 31 December 2024 was $15,047 million (2023: $15,200 million).

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 BAC during the year was a $1million credit (2023: $12 million credit) and is included within profit and loss reserves.

Capital contribution reserve

The capital contribution reserve relates to a combination of cash and non-cash contributions received from the Company's parents and other BAC companies.

Other Reserves	**Capital contribution reserve $M**	**Movement in fair value of debt securities at FVOCI $M**	**Total $M**
As at 1 January 2024	**9,300**	**(16)**	**9,284**
Movement during the year	**—**	**2**	**2**
As at 31 December 2024	**9,300**	**(14)**	**9,286**

26. RESERVES (continued)

	Capital contribution reserve	Movement in fair value of debt securities at FVOCI	Total
	$M	$M	$M
Other Reserves			
As at 1 January 2023	9,193	(31)	9,162
Movement during the year	107	15	122
As at 31 December 2023	**9,300**	**(16)**	**9,284**

27. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS

The following table analyses the carrying amount of the Company's financial assets and liabilities by category and by statement of financial position heading:

	Mandatorily at FVPL	Designated at FVPL	FVOCI debt instruments	Amortised cost	Total
31 December 2024	**$M**	**$M**	**$M**	**$M**	**$M**
Trading assets	**209,480**	**—**	**—**	**—**	**209,480**
Debt securities at FVOCI	**—**	**—**	**1,248**	**—**	**1,248**
Debtors	**—**	**—**	**—**	**51,595**	**51,595**
Resale agreements and securities borrowed transactions	**51,798**	**—**	**—**	**73,785**	**125,583**
Cash at bank and in hand	**—**	**—**	**—**	**3,592**	**3,592**
Investments	**169**	**—**	**—**	**—**	**169**
Financial Assets	**261,447**	**—**	**1,248**	**128,972**	**391,667**
Bank loans and overdrafts	**—**	**—**	**—**	**6**	**6**
Trading liabilities	**178,123**	**—**	**—**	**—**	**178,123**
Creditors: amounts falling due within one year	**231**	**5,570**	**—**	**47,592**	**53,393**
Repurchase agreements and securities loaned transactions	**—**	**53,687**	**—**	**49,860**	**103,547**
Creditors: amounts falling due after more than one year	**—**	**973**	**—**	**23,329**	**24,302**
Financial Liabilities	**178,354**	**60,230**	**—**	**120,787**	**359,371**

27. ANALYSIS OF FINANCIAL ASSETS AND LIABILITIES BY MEASUREMENT BASIS (continued)

31 December 2023	Mandatorily at FVPL $M	Designated at FVPL $M	FVOCI debt instruments $M	Amortised cost $M	Total $M
Trading assets	190,025	—	—	—	190,025
Debt securities at FVOCI	—	—	1,746	—	1,746
Debtors	—	—	—	54,891	54,891
Resale agreements and securities borrowed transactions	39,839	—	—	58,218	98,057
Cash at bank and in hand	—	—	—	3,139	3,139
Investments	126	—	—	—	126
Financial Assets	**229,990**	**—**	**1,746**	**116,248**	**347,984**
Bank loans and overdrafts	—	—	—	5	5
Trading liabilities	164,608	—	—	—	164,608
Creditors: amounts falling due within one year	—	8,161	—	55,437	63,598
Repurchase agreements and securities loaned transactions	—	38,700	—	24,238	62,938
Creditors: amounts falling due after more than one year	—	—	—	24,283	24,283
Financial Liabilities	**164,608**	**46,861**	**—**	**103,963**	**315,432**

28. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is a member of various securities and derivative exchanges and clearing houses. As a member, the Company may be required to pay a pro-rata share of the losses incurred by some of these organisations as a result of another member default and under other loss scenarios. The Company's potential obligations may be limited to its membership interests in such exchanges and clearing houses, to the amount (or multiple) of the Company's contribution to the guarantee fund or, in limited instances, to the full pro-rata share of the residual losses after applying the guarantee fund. The Company's maximum potential exposure under these membership agreements is difficult to estimate; however, the potential for the Company to be required to make these payments is remote.

In connection with its prime brokerage and clearing businesses, the Company performs securities clearance and settlement services with other brokerage firms and clearing houses on behalf of its clients. Under these arrangements, the Company stands ready to meet the obligations of its clients with respect to securities transactions. The Company's obligations in this respect are secured by the assets in the clients' accounts and the accounts of their customers as well as by any proceeds received from the transactions cleared and settled by the firm on behalf of clients or their customers. The Company's maximum potential exposure under these arrangements is difficult to estimate; however, the potential for the Company to incur material losses pursuant to these arrangements is remote.

BAC, including MLI and its affiliates, is subject to a number of investigations, inquiries, and proceedings impacting the global banking industry, including matters raised by Government authorities in the US and various international jurisdictions. Many of these investigations, inquiries, and proceedings will be ongoing at the time of approval of these financial statements and as a result, the outcomes of all these matters cannot be predicted, but the Company has not identified any which would require the disclosure of a contingent liability for MLI at this time.

The Company has commitments to enter into resale and forward-dated resale and securities borrowing agreements and commitments to enter into forward-dated repurchase and securities lending agreements. These commitments generally expire within the next 12 months.

The Company provides financial guarantees to affiliated companies for International Swaps and Derivatives Association ("ISDA") and non-ISDA transactions. The Company also holds irrevocable commitments.

The below table represents the Company's maximum exposure under those guarantees and commitments:

	2024	2023
	$M	$M
Financial guarantees	**151**	94
Undrawn portion of irrevocable commitments	**500**	36
Forward dated resale agreement and securities borrowing	**24,599**	24,814
Forward dated repurchase agreement and securities lending	**20,698**	22,605
	45,948	47,549

29. COLLATERAL RECEIVED AND PLEDGED

The Company receives collateral in transactions that include resale agreements and securities borrowed arrangements, as well as in connection with its derivative contracts. At 31 December 2024, 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 $386,663 million (2023: $370,872 million). The fair value of financial assets accepted as collateral that the Company has used, sold or repledged was $326,022 million (2023: $306,100 million). The collateral received is composed of cash and various securities positions such as government and agency securities, corporate debt securities and equities which are generally of high quality and considered highly liquid. In the event of a default, the Company has the legal right to liquidate collateral posted as securities in order to minimise losses. The Company's policy

29. COLLATERAL RECEIVED AND PLEDGED (continued)

is to monitor the market value of the principal amount loaned under resale agreements and obtain collateral from or return collateral pledged to counterparties when appropriate. Securities financing agreements do not create material credit risk due to these collateral provisions; therefore, a zero allowance for loan losses has been calculated. The Company is obliged to return cash or equivalent securities as appropriate. Transactions are conducted under standard documentation used by financial market participants, including the terms for the return of cash or equivalent securities as appropriate.

In connection with certain Over-The-Counter ("OTC") derivative contracts and other trading agreements, the Company can be required to provide additional collateral or to terminate transactions with certain counterparties in the event of a downgrade of the senior debt ratings of the Company. The amount of additional collateral required depends on the contract and is usually a fixed incremental amount and/or the market value of the exposure.

The Company also pledges its own financial assets as collateral in transactions that include repurchase agreements and securities lending arrangements, as well as in connection with its derivative contracts. The collateral pledged is composed of cash and various securities positions such as government and agency securities, corporate debt securities and equities. Where cash collateral has been placed with a counterparty, this is presented as customer receivables within debtors. Non-cash collateral owned by the Company and pledged to counterparties is included within trading assets. To determine whether the market value of the underlying collateral remains sufficient, collateral is generally valued daily, and the Company may be required to deposit additional collateral or may receive or return collateral pledged when appropriate. Repurchase agreements and securities loaned transactions are generally either overnight or short-term. The Company manages liquidity risks related to these agreements by sourcing funding from a diverse group of counterparties, providing a range of securities collateral and pursuing longer durations, when appropriate.

Under a normal client repurchase agreement, the assets can be repledged. The assets cannot be repledged when it’s under a tri-party agreement. For certain clients, there are exemptions, and the assets can therefore be repledged for a tri-party agreement.

The carrying amounts of the Company's financial assets that have been pledged as collateral for liabilities are summarised as follows:

	2024	2023
	$M	$M
Trading assets	**45,504**	28,535
Customer receivables	**18,188**	22,714
	63,692	51,249

Pledged firm-owned assets that can be repledged by the secured party was $15,693 million (2023: $13,053 million) and assets that cannot be repledged by the secured party was $29,811 million (2023: $15,482 million).

The corresponding liabilities for which the Company has provided this security are included within trading liabilities, repurchase agreements and securities loaned transactions and creditors, per notes 21 Trading Liabilities, 22 Repurchase Agreements and Securities Loaned and 23 Creditors: Amounts Falling Due Within One Year. The majority of the Company's derivative contracts are entered in accordance with ISDA master agreements or their equivalent, which create a right of set-off in certain circumstances, see note 30 Offsetting for further detail on these arrangements.

30. OFFSETTING

Financial assets and liabilities are offset and the net amount reported in the Statement of Financial Position ("SOFP") 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 Company has also entered into arrangements that do not meet the criteria for offsetting but still allow for the related amounts to be set-off in certain circumstances, such as bankruptcy or the termination of a contract.

The following table presents the recognised financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as at 31 December 2024 and 31 December 2023. The column 'net amount' shows the impact on the Company's SOFP if all set-off rights were exercised.

As at 31 December 2024

	Gross amounts recognised	Gross amounts offset in the SOFP [(a)]	Net amounts presented in the SOFP	Financial instruments	Cash collateral	Net amount
	$M	$M	$M	$M	$M	$M
Assets						
Derivative assets	**173,604**	**(23,082)**	**150,522**	**(133,763)**	**(12,403)**	**4,356**
Corporate debt and preferred stock	**11,345**	**(23)**	**11,322**	**—**	**—**	**11,322**
Resale agreements and securities borrowed transactions	**279,313**	**(153,730)**	**125,583**	**(124,273)**	**(399)**	**911**
Liabilities						
Derivative liabilities	**172,225**	**(22,716)**	**149,509**	**(130,039)**	**(12,484)**	**6,986**
Repurchase agreements and securities loaned	**257,277**	**(153,730)**	**103,547**	**(100,350)**	**(399)**	**2,798**
Other Creditors (Amounts owed to affiliated companies)	**6,566**	**(23)**	**6,543**	**—**	**(844)**	**5,699**

[(a)] *The amount of cash margin received that has been offset against the gross derivatives assets was $366 million.*

30. OFFSETTING (continued)

As at 31 December 2023

	Gross amounts recognised	Gross amounts offset in the SOFP (b)	Net amounts presented in the SOFP	Financial instruments	Cash collateral	Net amount
	$M	$M	$M	$M	$M	$M
Assets						
Derivative assets	163,603	(22,583)	141,020	(124,171)	(12,720)	4,129
Corporate debt and preferred stock	10,449	(251)	10,198	—	—	10,198
Resale agreements and securities borrowed transactions	260,022	(161,965)	98,057	(96,956)	(275)	826
Liabilities						
Derivative liabilities	163,992	(23,162)	140,830	(119,615)	(14,969)	6,246
Repurchase agreements and securities loaned	224,903	(161,965)	62,938	(60,788)	(275)	1,875
Other Creditors (Amounts owed to affiliated companies)	7,138	(251)	6,887	—	(2,339)	4,548

[b] The amount of cash margin paid that has been offset against the gross derivatives liabilities was $578 million.

30. OFFSETTING (continued)

Financial instruments

The Company can undertake a number of financial instrument transactions with a single counterparty and may enter into a master netting agreement 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 to 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 ISDA master agreements or their equivalent (“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 SOFP and have been presented separately in the table on the previous page.

Financial instruments also include securities collateral received and pledged which has not been offset in the SOFP.

Cash collateral

Cash collateral relates to collateral received and pledged against both derivatives and repurchase agreements which has not been offset in the SOFP.

31. RISK MANAGEMENT

Legal entity governance

BAC has established a risk governance framework (the "Risk Framework") which serves as the foundation for consistent and effective management of risks facing BAC and its subsidiaries (including the Company). The Risk Framework applies to all BAC employees. 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 well and are accountable for identifying, escalating and debating risks facing the Company. 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 seven key types of risk faced by MLI businesses as defined in the Risk Framework are 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. Climate related risks are integrated into the risk management framework through their potential impact to the seven risk types.

Market risk

Market risk is the risk that changes in market conditions adversely impact the values of assets or 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, equity, commodities and credit markets.

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).

Interest rate risk in the banking book

Interest rate in the banking book is the risk to MLI's current or anticipated earnings or capital arising from adverse movements in interest rates. Changes in interest rates affect MLI's earnings and capital by impacting its projection of Earnings at Risk ("EaR") and the underlying economic value of its assets, liabilities and off-balance sheet items (Economic Value of Equity ("EVE")). 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

31. RISK MANAGEMENT (continued)

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. MLI does not offer retail deposits to its customers; interest rate risk in MLI’s banking book predominantly arises from funding provided by Treasury to support MLI’s trading activity and other funding activities.

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. MLI’s aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the banking book is also assessed.

MLI has been granted permission by the PRA to use an Internal Model Approach (“IMA”) for calculating regulatory capital for market risk using the following models: VaR, Stressed VaR ("SVaR"), Incremental Risk Charge ("IRC"), and Comprehensive Risk Measure ("CRM"). The capital requirement for trading book positions that do not meet the conditions for inclusion within the approved IMA is calculated using standardised rules in accordance with Title IV of Part Three of CRR. RWA for market risk are the sum of each of these measures multiplied by 12.5.

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 percent 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.

	Year end 2024	High 2024	Daily average 2024	Low 2024
	$M	$M	$M	$M
99% Daily VaR				
Total	**27**	**42**	**26**	**18**
Interest rate risk	**27**	**42**	**24**	**16**
Currency risk	**17**	**20**	**10**	**5**
Equity price risk	**10**	**21**	**10**	**6**
Credit spread risk	**15**	**26**	**19**	**14**
Commodity price risk	**3**	**9**	**6**	**3**

31. RISK MANAGEMENT (continued)

	Year end 2023	High 2023	Daily average 2023	Low 2023
	$M	$M	$M	$M
99% Daily VaR				
Total	34	50	27	17
Interest rate risk	25	39	20	13
Currency risk	9	13	6	3
Equity price risk	7	23	13	6
Credit spread risk	24	45	26	19
Commodity price risk	7	10	5	3

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.

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 potentially arising from loans, leases, derivatives and other extensions of credit.

Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

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 certain Company strategic plans, if necessary.

Regular reporting includes monitoring of credit exposure against counterparty and aggregate MLI risk appetite limits, including aggregate and single name limits by risk profile. The robust credit risk reporting framework and internal policies and procedures enable prudent risk monitoring and escalation.

Credit Concentration Risk is managed under the BAC Credit Risk Framework. This covers an array of company-wide and legal entity specific granular controls for identifying, measuring, monitoring and controlling concentration risk. Industry and country concentrations are monitored and managed as appropriate for the MLI portfolio.

Further, stress testing in MLI covers a wide variety of scenarios to help identify exposure concentrations and the impact of potential changes in market conditions on credit exposures.

As BAC's main investment firm outside of the US, MLI's credit strategy and origination is focused on its trading, derivatives and securities activities which account for the majority of its credit exposure.

31. RISK MANAGEMENT (continued)

Derivatives trading

The Company enters into ISDA master agreements or their equivalent (“master netting agreements”) with its derivative counterparties. Master netting agreements provide protection in bankruptcy in certain circumstances and, in some cases, enable receivables and payables with the same counterparty to be offset for risk management purposes. Agreements are negotiated bilaterally and can require complex terms. 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, the Company usually requires collateral that is permitted by documentation such as repurchase agreements or Credit Support Annex 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.

Securities activities

In the normal course of business, the Company executes, settles, and finances various customer securities transactions. Execution of these transactions includes the purchase and sale of securities by the Company. These activities may expose the Company to counterparty default risk arising from the failure of customers or counterparties to satisfy their obligations. In these situations, the Company may be required to purchase or sell financial instruments at unfavourable market prices to satisfy obligations to other customers or counterparties. This potential loss arising from this replacement value is calculated as counterparty credit exposure. In addition, the Company seeks to control the risks associated with its customer margin activities by requiring customers to maintain collateral in compliance with regulatory and internal guideline.

Default

The Company considers a financial asset to be in default when:
- Material exposures are more than 90 days past due and/or;
- The borrower is assessed as unlikely to pay its credit obligations in full without the realisation of collateral, regardless of the existence of any past due amount or of the number of days past due.

In assessing whether a borrower is in default, the Company considers qualitative indicators such as breaches of covenants, as well as quantitative indicators such as overdue status and non-payment on other obligations of the same issuer. Data from external sources is also used in the consideration of whether a borrower is in default.

The table on next page reflects 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.

31. RISK MANAGEMENT (continued)

	Maximum exposure to credit risk 2024 $M	**Mitigated credit risk 2024 $M**	Maximum exposure to credit risk 2023 $M	Mitigated credit risk 2023 $M
Derivatives	**150,522**	**147,616**	141,020	137,108
Convertible debentures	**1,225**	**—**	1,636	—
Corporate debt and preferred stock	**11,322**	**2,435**	10,198	2,372
Mortgage-backed and asset-backed securities	**1,083**	**—**	1,397	—
Non-US governments and agencies	**9,349**	**4,825**	5,330	2,867
US governments and agencies	**31**	**31**	5	5
Debt securities at FVOCI	**1,248**	**705**	1,746	429
Debtors	**51,595**	**41,338**	54,891	44,008
Cash and cash equivalents	**3,592**	**—**	3,139	—
Resale agreements and securities borrowed transactions	**125,583**	**122,367**	98,057	94,714
Financial guarantees	**151**	**—**	94	—
Undrawn portion of irrevocable commitments	**500**	**—**	36	—
	356,201	**319,317**	317,549	281,503

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.

As detailed in note 17 Trading Assets, trading assets include corporate debt, preferred stock, convertible debentures, government and agency securities, derivative assets, commodities, and mortgage-backed and asset-backed securities. For credit risk management purposes, inventory exposure is monitored across lines of business, and at a net issuer level. The credit risk of trading assets is mitigated through the netting of long and short positions for each issuer.

The mitigated credit risk amount reflects the market value of any netting available, including short positions, and the market value of any single-name Credit Default Swap ("CDS") protection purchased on a specific issuer. As noted above, derivative trading activity is generally documented under a legally enforceable ISDA or similar master netting agreement, which binds both parties to apply close-out netting across all transactions covered by the agreement if either party defaults or if another pre-agreed termination event occurs. Therefore, risk is managed on a net basis, taking into consideration the effects of legally enforceable master netting agreements and collateral. However, if there is no intention to settle these balances on a net basis under normal circumstances, they do not qualify for net presentation for accounting purposes.

Debtors include amounts due from brokers, dealers and clearing houses, intercompany loans, third party loans and other trade debtors.

The Company's off-balance sheet exposure to credit risk is principally comprised of undrawn loan commitments, securities pledged as collateral for derivative trading activities, guarantees, letters of credit and similar arrangements. Depending on the terms of the arrangement, the Company may also have recourse to additional credit risk mitigation in the event that a guarantee is called upon or a loan commitment is drawn and subsequently defaults. However, the valuation of such credit mitigating measures is less certain and their financial effect has not been quantified in the analysis of mitigated credit risk.

31. RISK MANAGEMENT (continued)

The below tables reflect the Company's assessment of its credit exposure, based on credit rating agency ratings or the internal equivalent thereof. Where there is no rating, the balances are classified as not rated. Although the table reflects the Company's gross exposure, the Company manages its credit exposures on a net basis.

	AAA to AA-	A+ to BBB-	BB+ and lower	Not rated	Total
	$M	$M	$M	$M	$M
As at 31 December 2024					
Derivatives	**5,395**	**128,203**	**16,659**	**265**	**150,522**
Convertible debentures	**—**	**285**	**529**	**411**	**1,225**
Corporate debt and preferred stock	**1,110**	**3,215**	**6,627**	**370**	**11,322**
Mortgage-backed and asset- backed securities	**699**	**155**	**150**	**79**	**1,083**
Non-US governments and agencies	**2,880**	**5,678**	**785**	**6**	**9,349**
US government and agencies	**31**	**—**	**—**	**—**	**31**
Debt securities at FVOCI	**822**	**426**	**—**	**—**	**1,248**
Financial guarantees	**—**	**151**	**—**	**—**	**151**
Undrawn portion of irrevocable commitments	**—**	**376**	**103**	**21**	**500**
	10,937	**138,489**	**24,853**	**1,152**	**175,431**

	AAA to AA-	A+ to BBB-	BB+ and lower	Not rated	Total
	$M	$M	$M	$M	$M
As at 31 December 2023					
Derivatives	1,544	127,369	11,733	374	141,020
Convertible debentures	—	447	481	708	1,636
Corporate debt and preferred stock	787	4,783	3,350	1,278	10,198
Mortgage-backed and asset- backed securities	678	205	240	274	1,397
Non-US governments and agencies	813	2,170	2,274	73	5,330
US government and agencies	5	—	—	—	5
Debt securities at FVOCI	674	1,072	—	—	1,746
Financial guarantees	—	94	—	—	94
Undrawn portion of irrevocable commitments	—	—	—	36	36
	4,501	**136,140**	**18,078**	**2,743**	**161,462**

31. RISK MANAGEMENT (continued)

The Company’s counterparties are primarily highly rated financial institutions, and a significant proportion of credit exposures in the scope of the impairment requirements of IFRS 9 relate to securities financing transactions which are largely collateralised (refer to note 30 Offsetting for non-collateralised portion). The remaining financial assets in the scope of IFRS 9 are typically short-dated. As a result, the probability of default, loss given default, or both are such that the resulting ECL is not material to the Company. Actual amounts written off during the year are also not significant to the Company. In light of this, no further breakdown of the Company’s debtors by credit risk rating is considered necessary.

For trade and other debtors, the Company uses past due information as a key part of its assessment as to whether credit risk has increased significantly since initial recognition. For affiliated company trade and other debtors, the Company's anticipated ECL was determined not to be material and no loss was recognised as these receivables are classified as stage 1 and based on historic assessment of write offs there is minimal risk of default.

The following table details third party credit exposures that are past due:

31 December 2024	**0-30 days $M**	**31-60 days $M**	**61-90 days $M**	**91-120 days $M**	**120 days+ $M**	**Total $M**
Debtors	**2**	**—**	**—**	**—**	**1**	**3**

31 December 2023	**0-30 days $M**	**31-60 days $M**	**61-90 days $M**	**91-120 days $M**	**120 days+ $M**	**Total $M**
Debtors	3	—	—	—	1	4

Amounts that are past due relate to trades with third parties that have failed settlement, and the amounts presented in the balance sheet relate to trade debtors whereby the Company will deliver securities or cash to the obligor upon receipt of the amounts due. Amounts past due greater than 90 days are assessed as Stage 3 (credit-impaired) for IFRS 9 purposes, with other amounts past due considered to be Stage 1. However, as there is still an expectation that settlement will take place for all balances, and that the Company has not or will not deliver on its part of the transaction prior to full settlement taking place, the ECL on these exposures is not considered to be significant.

Given the short-dated nature and collateralisation of the Company’s significant debtors, it is not considered that the Company has a significant concentration of credit risk that would be impacted by a change in economic conditions for a particular group or portfolio of financial instruments. No further analysis of concentrations of credit risk is therefore provided.

Write offs

Loans and debt securities are written off, either partially, or in full, when there is no realistic prospect of recovery. 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. However, 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.

31. RISK MANAGEMENT (continued)

Compliance and Operational risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the Company arising from the failure of the Company to comply with the requirements of applicable laws, rules and regulations and internal policies and procedures. MLI is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements. The Company seeks to anticipate and assess compliance risks to core businesses and respond to these risks effectively should they materialise. While the Company strives to prevent compliance violations in everything it does, the Company cannot fully eliminate compliance risk, but manages it by defining risk tolerances to reduce exposure to financial loss, reputational harm or regulatory sanctions.

Operational risk is the risk of loss resulting from inadequate or failed processes, people and systems or from external events. MLI strives for operational excellence in everything it does. MLI has designed an Operational Risk Management Program that seeks to anticipate and assess operational risks and respond to these risks effectively should they materialise. The Company has designed an operational risk management programme, that incorporates and documents the process for identifying, measuring, monitoring, controlling and reporting operational risk information to executive management and the appropriate boards of directors, or appropriate board-level committees. The Company manages operational risk by defining risk tolerances to reduce exposure to financial loss, reputational harm or regulatory sanctions.

Compliance and Operational Risk Management

MLI is committed to maintaining strong Compliance and Operational Risk Management practices across all FLUs and CFs. Compliance and Operational risk is managed in an ever changing and complex regulatory environment, and with the evolving products, services and strategies offered by MLI's FLUs. MLI has an integrated set of processes and controls to manage external and internal risks, including metrics and extensive monitoring, testing and risk assessment processes.

FLUs and CFs are first and foremost responsible for managing all aspects of their businesses, including their compliance and operational risk. FLUs and CFs are required to understand their business processes and related risks and controls, including third party dependencies, the 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 comprehensive quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. FLUs and CFs must also adhere to compliance and operational 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 compliance and operational risks across MLI.

When third party capabilities are required to support processes, products, and services, MLI manages third-party risk with a similar level of accountability as if managed internally. MLI has combined the Compliance and Operational Risk management CFs into a single integrated function under the leadership of the MLI Chief Compliance and Operational Risk Officer. This combination allows MLI to bring professionals with complementary subject matter expertise together to assess business processes. It also gives a broader view of the key Compliance and Operational risks facing the businesses and CFs, with the ability to develop wide-ranging coverage plans to address risk more holistically, aggregate quantitative and qualitative data across the two disciplines and provide greater visibility into systemic issues in business activities so that critical risks are understood and adequately controlled.

Global Compliance and Operational Risk ("GCOR") sets Enterprise-wide policies and standards, which are adhered to by MLI, and provides independent challenge and oversight to the FLUs and CFs. The GCOR team is comprised of subject matter experts who understand the front-to-back processes and controls by which MLI delivers products and services, understand applicable laws, rules and regulations and conduct risk-based oversight activities to assess the effectiveness of processes and controls. GCOR independently assesses Compliance and Operational risk, monitors business activities and

31. RISK MANAGEMENT (continued)

processes, determines and develops tests to be conducted by the Enterprise Independent Testing unit, and reports on the state of the control environment. GCOR also collaborates with other CFs to provide additional support for specific remediation efforts and shares responsibility with the FLUs, GRM, and other CFs for mitigating certain risks, such as Reputational risks and risks associated with improper conduct. In addition, teams in GCOR cover areas such as privacy, and information security/ cybersecurity, which affect multiple FLUs and CFs. These horizontal teams, referred to as either Independent Coverage Areas ("ICA") or Enterprise Areas of Coverage ("EAC"), are responsible for, among other things, reviewing the FLUs and CFs risk management practices related to these specific areas to gauge the effectiveness and consistency of the controls across business units, monitoring losses and reporting, and overseeing processes for accuracy and adherence to our operational risk and compliance risk standards.

Finally, in some cases, Operational Risk and Compliance Risk oversight is carried out by other control functions. Areas not directly overseen by GCOR are typically subject to laws, rules and regulations that require specific expertise. These “indirect areas of coverage” are required to carry out activities to identify specific compliance issues and report to GCOR regarding the effectiveness of compliance risk management within these areas.

In alignment with the Basel Committee MLI defines Operational Resilience as the ability of a company to deliver Critical Services through disruption, regardless of the source of disruption. Being operationally resilient is a key objective of sound Operational Risk Management. Processes, data flows and systems supporting critical services must be designed from the outset to be well-controlled and resilient. This requires solid process engineering, robust capabilities, and controls to prevent, detect and mitigate operational failures. Being operationally resilient enables MLI to continuously serve customers, clients and financial markets, even during periods of operational stress. In addition, a formal testing regime helps to ensure the ongoing identification of potential process-related issues.

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.

The MLI Liquidity Risk Policy (“LRP”) is approved by the MLI Board and defines the approach to monitoring and managing MLI’s liquidity risk, aligned to group processes and tailored to meet MLI’s business mix, strategy, activity profile, risk appetite and regulatory requirements. The MLI Risk Appetite Statement defines the amount of liquidity or funding MLI is willing to put at risk, consistent with applicable regulatory requirements. The MLI MRC reviews and recommends Risk Appetite limits to the MLI BRC, which in turn reviews and recommends to the MLI Board for approval.

The MLI LRP describes the roles and responsibilities to manage liquidity risk, including requirements for liquidity risk limits, stress testing, analytics and reporting, and recovery planning.

Each of the FLUs are accountable for managing liquidity risk within the MLI Liquidity Risk Appetite by establishing appropriate processes to identify, measure, monitor and control the risks associated with their activities. Global Risk Management ("GRM") provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of MLI’s liquidity risk management processes.

The MLI Board Level Liquidity Risk Appetite is defined by the following:

- Internal Liquidity Stress Test (“ILST”) 30-Day = Pre-positioned liquidity sources divided by the net peak outflows over a 30-day combined stress period
- Internal Liquidity Stress Test (“ILST”) 90-Day = Available (pre-positioned + committed line) liquidity sources divided by the net peak outflows over a 90-day combined stress period
- Liquidity Coverage Ratio (“LCR”) = High Quality Liquid Assets divided by 30-day net stress outflows
- Net Stable Funding Ratio (“NSFR”) = Available Stable Funding divided by Required Stable Funding

31. RISK MANAGEMENT (continued)

The Company has put in place several metrics to monitor concentration of liquidity and funding risk to counterparties and to mitigate the funding and liquidity impact from concentration risks including roll over risks from counterparty, or currency markets. The metrics are set at different levels, ranging from board and management level to risk monitoring items, capturing gross and net exposures across the entire book as well as top exposures to promote a funding profile that minimises liquidity risks.

GRM works with Treasury and the Businesses 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 the treatment of risk and limit recalibration.

The tables below represent the undiscounted cash flows of the Company's financial liabilities as at 31 December 2024 and 31 December 2023, with the exception of those held for trading or designated at FVPL. The fair values of financial liabilities held for trading and financial liabilities designated at FVPL have been disclosed as this is consistent with the values used in the liquidity risk management of these instruments. See note 27 Analysis of Financial Assets and Liabilities by Measurement Basis.

	On demand or within 1 year	Due between 1 and 5 years	Due after 5 years	Total
	$M	$M	$M	$M
At 31 December 2024				
Derivatives	**149,509**	**—**	**—**	**149,509**
Equities and convertible debentures	**18,522**	**—**	**—**	**18,522**
Corporate debt and preferred stock	**2,150**	**—**	**—**	**2,150**
Non-US Governments and agencies	**7,282**	**—**	**—**	**7,282**
US Governments and agencies	**661**	**—**	**—**	**661**
Customer payables	**34,519**	**—**	**—**	**34,519**
Brokers, dealers and clearing houses	**7,397**	**—**	**—**	**7,397**
Repurchase agreements and securities loaned transactions	**101,045**	**2,502**	**—**	**103,547**
Amounts owed to affiliated companies	**6,944**	**13,916**	**8,617**	**29,477**
Other creditors and accruals	**5,387**	**951**	**6**	**6,344**
Subordinated loans from affiliated companies	**75**	**1,516**	**—**	**1,591**
Bank loans and overdrafts	**6**	**—**	**—**	**6**
Financial guarantees	**151**	**—**	**—**	**151**
Undrawn portion of irrevocable commitments	**500**	**—**	**—**	**500**
	334,148	**18,885**	**8,623**	**361,656**

31. RISK MANAGEMENT (continued)

	On demand or within 1 year	Due between 1 and 5 years	Due after 5 years	Total
	$M	$M	$M	$M
At 31 December 2023				
Derivatives	140,830	—	—	140,830
Equities and convertible debentures	16,791	—	—	16,791
Corporate debt and preferred stock	2,010	—	—	2,010
Non-US Governments and agencies	4,630	—	—	4,630
US Governments and agencies	346	—	—	346
Customer payables	39,549	—	—	39,549
Brokers, dealers and clearing houses	9,584	—	—	9,584
Repurchase agreements and securities loaned transactions	60,755	2,183	—	62,938
Amounts owed to affiliated companies	7,946	16,751	8,052	32,749
Other creditors and accruals	7,578	—	—	7,578
Bank loans and overdrafts	5	—	—	5
Financial guarantees	94	—	—	94
Undrawn portion of irrevocable commitments	36	—	—	36
	290,154	**18,934**	**8,052**	**317,140**

The Company has recorded all derivative financial instrument liabilities, including those positions that have been reclassified to Creditors, 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 has provided the present value rather than contractual undiscounted cash flows for these derivative financial instruments. The Company considers it unlikely that, in any given period, all of the liabilities will unwind in the short-term. The Company manages liquidity for these instruments by actively unwinding asset positions to ensure appropriately balanced cash flows. Guarantees and commitments and financial liabilities designated at fair value are undiscounted and are shown on the basis of the earliest date they can be called. All other figures are undiscounted and show contractual maturities.

Reputational risk

Reputational risk is the potential risk that negative perception of BAC may adversely impact profitability or operations.

BAC 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, as well as incorporated into the roles and responsibilities for employees.

Given the nature of reputational risk, MLI, aligned with BAC, does not set quantitative limits for the level of acceptable risk. Through proactive risk management, MLI seeks to minimise both the frequency and impact of reputational events.

31. RISK MANAGEMENT (continued)

At the BAC level, reputational risk is reviewed by the Enterprise Risk Committee and the Enterprise Management Risk Committee, which provide primary oversight of reputational risk. Additionally, top reputational risks are reviewed by the GRM Leadership team and the BAC Board of Directors.

For the EMEA region there is a specialist committee, the EMEA Reputational Risk Committee ("Reputational Risk Committee"), whose mandate includes consideration of reputational risk issues (including matters related to environmental, social/governance factors) and to provide guidance and approvals for activities that represent specific reputational risks which have been referred for discussion by other current control frameworks or lines of business.

Items presented to the EMEA Reputational Risk 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. MLI related items which have been brought to the committee are also notified to the MLI's MRC.

Reputational risk ratings are provided to the MLI MRC during committee meetings and in 2024 there were 8 MRC meetings. The risk ratings are reported quarterly at the MLI BRC meetings. MLI's reputational risk ratings remained unchanged in 2024 and are as follows:

- Inherent Risk: Moderate
- Control Effectiveness: Satisfactory
- Residual Risk Outlook: Moderate and Stable

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 MLI operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

MLI proactively considers strategic risk in the strategic planning process which feeds into the capital, liquidity and financial planning processes throughout the year. MLI continuously evaluates the internal and external environment, including the perspective of external experts, and its strengths, weaknesses, opportunities, and threats. During the strategic and capital planning processes, the Board provides credible challenge to senior management's assumptions and recommendations and approves the strategic and capital plans after a comprehensive assessment of the risks.

MLI sets strategies within the context of overall risk appetite. MLI's strategic plans are consistent with risk appetite, the capital plan and liquidity requirements and specifically address strategic risks.

MLI 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 MLI Recovery Plan and the regular assessment of earnings and risk profile. Senior management provides the MLI 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 in line with the capital plan, financial operating plan, liquidity requirements and risk appetite.

31. RISK MANAGEMENT (continued)

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.

Global Risk Management, Corporate Audit and other CFs provide input, challenge and oversight to FLUs strategic plans, initiatives and capital plans relating to MLI.

Transparency around meeting the objectives of MLI's strategic and capital plans by providing visibility to MLI's strategic risks is critical to effective risk management. FLUs and CFs present updates to senior management and the Board on their business performance and management of strategic risk. Updates take into account analyses of performance relative to the strategic plan, capital adequacy assessments, capital management triggers, risk appetite and performance relative to peers. Topical presentations are also made to address any developments or additional considerations as they relate to strategic or capital planning, or the strategic plan itself. The Board uses these updates and presentations to ensure that management actions and decisions remain consistent with strategic plans, capital plans and risk appetite.

Capital management

The Company's objective when managing capital is to ensure that the quantity and quality of capital is adequate to support the Company's business activities and associated risk during both an expected economic environment and under stress conditions.

A strong capital position is essential to the Company's business strategy and competitive position. This is managed through its capital management framework, key components of the capital management framework include:

- A strategic capital planning process aligned to risk appetite.
- A robust capital stress testing framework.
- Regular monitoring against capital and leverage risk appetite limits.
- Regular leverage and capital reporting to management.

The capital management framework is designed to ensure that the Company is adequately capitalised at all times in relation to:

- Minimum risk-based regulatory capital requirements including Pillar 1 and stress buffers as defined under CRD V as on-shored by UK legislation, Pillar 2A and PRA Buffer as set by the PRA for MLI, as well as an internal capital buffer.
- The risks faced by the Company, such as through regular review of the current and future business activities.
- Current and future regulations impacting the Company.

Daily, monthly and quarterly capital monitoring routines enable the Company to manage its capital adequacy position within the Company's risk appetite limits, this is supported by the capital limit framework which sets out protocols for the effective communication and remediation of a limit breach.

31. RISK MANAGEMENT (continued)

The composition of the Company's regulatory capital as at 31 December 2024 and 31 December 2023 is as follows:

	2024	2023
	$M	$M
Common Equity Tier 1 (equity share capital and reserves)	**33,746**	33,878

Capital resources are inclusive of audited current year profits after the deduction of any dividends recommended by the directors, and other regulatory capital deductions.

The Company makes "Pillar 3" disclosures as required under the PRA Rulebook Disclosure (CRR). MLI Pillar 3 disclosures can be obtained via https://investor.bankofamerica.com/regulatory-and-other-filings/basel-pillar-3-disclosures.

Climate Risk

Climate risk is 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, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as rising average global temperatures and sea levels, and
- Transition Risk: Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Climate-related risks can act as a driver of risk across our risk types, such as credit risk tied to counterparties' exposure to climate risk resulting in diminished repayment capacity or collateral values, operational risk from exposure to physical risk that could negatively impact MLI's facilities, employees, or vendors, and reputational risk from stakeholder perception about MLI's responsiveness to climate change.

No material climate-related risk variables impacting the financial position of MLI as at 31 December 2024 have been identified. For financial instruments held at fair value, there have not been any adjustments to fair value specifically for climate risks. For financial assets held at amortise cost, there has been no material impact of climate risks on MLI's loss allowances for expected credit losses.

32. STRUCTURED ENTITIES AND TRANSFERS OF FINANCIAL ASSETS

Structured entities

A structured entity is an entity that has been designed so that voting or similar rights are not the dominant factor in determining who controls the entity, such as when any voting rights relate to administrative tasks only and the relevant activities are directed by means of other contractual arrangements.

The most common type of structured entity is an SPE. The party that has power to direct the most significant activities of the entity and is exposed to the risks of the entity (together constituting control of the entity) is required to consolidate the assets and liabilities of the structured entity. The structured entities over which the Company has control are consolidated into the financial statements of the ultimate parent undertaking of the Company, BAC.

Interests in unconsolidated structured entities

The Company's interests in unconsolidated structured entities are considered as the contractual and non-contractual involvement that exposes the Company to variability of returns from the performance of the structured entity. Interests in other entities can be evidenced by, but 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 has involvement with various structured entities, originated within the BAC Group or by third parties. These typically include equity funds and credit vehicles.

Credit vehicles are typically created on behalf of customers who wish to obtain market or credit exposure to a specific company, index, commodity or financial instrument. The Company may transfer assets to and on occasion finance securities issued by these vehicles. The Company typically enters into credit, equity, interest rate, commodity or foreign currency derivatives to synthetically create or alter the investment profile of the issued securities.

As the Company does not prepare consolidated financial statements, all interests in structured entities are considered as unconsolidated in this disclosure. SPEs for which the Company also has control are listed in note 15 Subsidiary Undertakings. The Company typically has either an interest in or control over sponsored SPEs, and instances where it has neither are rare.

Where the Company’s interest in an SPE involves the transfer of an asset, these have been disclosed in the transfer of financial assets section below.

The total size of SPEs disclosed in the transfer of financial assets section below is calculated as the principal outstanding of the SPEs.

Interest rate swaps and foreign exchange derivatives that are not complex and which expose the Company to insignificant credit risk by being senior in the payment waterfall of a securitisation and derivatives that are determined to introduce risk or variability to a structured entity are not considered to be an interest in an entity and have been excluded from the disclosures below where this is the only involvement with the SPE.

The income reported on the unconsolidated SPEs is reported in net trading revenues and interest income. The SPE funding is facilitated by the issuance of notes.

32. STRUCTURED ENTITIES AND TRANSFERS OF FINANCIAL ASSETS (continued)

Short-term traded interests in unconsolidated structured entities

The Company invests in Asset-Backed Securities ("ABS"), Collateralised Debt Obligation ("CDO") and other similar investments issued by third party SPEs, with which it has no other form of involvement, as part of its trading activities other than a loan or debt security issued by the SPE. The Company's maximum loss exposure to these SPEs is the investment balances. These SPEs (securities and loans) are not controlled by the Company hence, included in Note 17 Trading Assets and Note 21 Trading Liabilities and not in the 2024 table below.

Interests in unconsolidated SPEs where the Company is not the transferor

Interests in unconsolidated SPEs where the Company is not the transferor of an asset are as follows:

	Carrying amount of financial assets	Carrying amount of financial liabilities	Maximum exposure to loss
	$M	$M	$M
31 December 2024			
Trading assets			
Asset Backed Securities (non residential mortgages)	**28**	**(19)**	**28**
	28	**(19)**	**28**

	Carrying amount of financial assets	Carrying amount of financial liabilities	Maximum exposure to loss
	$M	$M	$M
31 December 2023			
Trading assets			
Asset Backed Securities (non residential mortgages)	37	(28)	37
	37	**(28)**	**37**

32. STRUCTURED ENTITIES AND TRANSFERS OF FINANCIAL ASSETS (continued)

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 further 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 SPEs continue operation and/or provides guarantees regarding the structured entity's performance.

During the year, the Company has not provided any non-contractual financial or other support to unconsolidated structured entities (2023: none).

Transfers of financial assets

The Company enters into transactions in the normal course of business in which it transfers financial assets to third parties and to SPEs. These transactions may result in the financial assets either continuing to be recognised or being derecognised. Refer to note 2.17 Derecognition of Financial Assets and Liabilities for the accounting policy governing derecognition of financial assets.

The maximum exposure to loss, disclosed in the below tables, typically includes the carrying value of any retained interest and derivative balances held on the statement of financial position as well as the value of any undrawn liquidity facilities provided. Where there is a potential obligation for further pay-outs (such as a potential requirement to repurchase the transferred assets) this has been incorporated such that for certain trades the maximum exposure to loss has been set equal to the value of the charged assets.

a) Transferred financial assets that continue to be recognised

Where substantially all the risks and rewards of a transferred financial asset are retained the transaction is, in substance, a secured borrowing. The financial asset continues to be recognised in full and a corresponding liability is recognised in borrowings to the extent of any cash consideration received. Transactions of this nature include repurchase agreements, securities loaned/ lending transactions (both cash and securities collateral) and derivative transactions including total return swaps and call options; and primarily involves trading assets including non-US government and agency securities, corporate debt and equities.

As a result of these transactions, the Company is unable to pledge, sell or use the assets for the duration of the transaction. The Company remains exposed to substantially all of the relevant market risks on these transferred assets.

Assets are transferred under repurchase and securities lending agreements with other banks and financial institutions. In substance, these transactions constitute secured borrowings and therefore the assets are not derecognised from the statement of financial position. The recipient is generally able to use, sell or pledge the transferred assets for the duration of the transaction. The Company remains exposed to interest and credit risk on these instruments which they are contractually required to repurchase at a later date. However, due to the nature of these arrangements, especially the transfer of collateral and ongoing margining, the Company has minimal exposure to the performance of the counterparty. The counterparty's recourse is generally not limited to the transferred assets.

The Company has entered into transactions under which it transfers equity securities to a counterparty, and contemporaneously enters into a total return swap over the equity securities with the same counterparty. These assets are not derecognised from inventory where it is determined that the Company has retained the risks and rewards of ownership. The carrying value and fair value of assets for these transactions as at 31 December 2024 was $2,468 million (2023: $1,175 million), with a corresponding liability recorded within creditors.

32. STRUCTURED ENTITIES AND TRANSFERS OF FINANCIAL ASSETS (continued)

The carrying value of transferred financial assets that continue to be recognised is $6 million (2023: $6 million). This trading asset relates to transfers to SPEs and the maximum exposure to loss is $6 million (2023: $6 million). The total size of the SPEs for the transactions is $38 million (2023: $36 million).

b) Continuing involvement in financial assets that have been derecognised in full

The Company has also entered into transactions where it has continuing involvement in transferred assets that have been derecognised in full. Continuing involvement typically involves derivative transactions, retained interest in notes and the provision of liquidity facilities.

The table below reflects the Company’s continuing involvement in transactions where it has transferred financial assets that were derecognised in full.

	Carrying amount of continuing involvement assets $M	Carrying amount of continuing involvement liabilities $M	Fair value of continuing involvement assets $M	Fair value of continuing involvement liabilities $M	Maximum exposure to loss $M
31 December 2024					
Trading assets					
Asset Backed security (non residential mortgages)	**15**	**(5)**	**15**	**(5)**	**15**
Other debtors and prepayments	**3**	**—**	**3**	**—**	**12**
	18	**(5)**	**18**	**(5)**	**27**

	Carrying amount of continuing involvement assets $M	Carrying amount of continuing involvement liabilities $M	Fair value of continuing involvement assets $M	Fair value of continuing involvement liabilities $M	Maximum exposure to loss $M
31 December 2023					
Trading assets					
Asset Backed security (non residential mortgages)	22	(6)	22	(6)	22
Other debtors and prepayments	3	(1)	3	(1)	12
	25	**(7)**	**25**	**(7)**	**34**

All of the amounts in the table above relate to interests in SPEs.
The total amount of liabilities issued by the SPEs for the transactions in the above table is $4,330 million (2023: $7,210 million).

32. STRUCTURED ENTITIES AND TRANSFERS OF FINANCIAL ASSETS (continued)

The table below reflects information about profit and loss associated with the above transactions:

The decrease of $6 million in the cumulative income is mainly due to sold or liquidated positions amounting to $8 million offset by $2 million income recognised during the year.

	Income recognised in the year $M	Cumulative income $M
31 December 2024		
Trading assets	**2**	**40**
	2	**40**

	Income recognised in the year $M	Cumulative income $M
31 December 2023		
Trading assets	1	46
	1	**46**

Certain transferred assets that have been derecognised may be required to be repurchased subject to contingencies. The contractual undiscounted cash flows that may be required are set out in the table below:

	1 - 5 years $M	More than 5 years $M
31 December 2024		
Other debtors and prepayments	**8**	**5**
	8	**5**

	1 - 5 years $M	More than 5 years $M
31 December 2023		
Other debtors and prepayments	8	7
	8	**7**

33. FAIR VALUE DISCLOSURES

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 their valuation is 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 2024, 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. The model inputs are considered significant if, in the opinion of management, impact on balance sheet carrying value would be greater than 10%. Between 5% and 10% further review and exercise of professional judgement will be required.

Resale and repurchase and securities borrowed and loaned agreements

The fair value for certain resale and repurchase agreements and securities borrowed and loaned agreements is estimated using a discounted cash flow model which incorporates inputs such as interest rate yield curves. Resale and repurchase agreements and securities borrowed and loaned agreements for which are measured at fair value, are generally classified as Level 2 in the fair value hierarchy.

Trading assets and 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 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.

Derivative assets and liabilities

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 value of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors, where appropriate. For exchange-traded contracts, fair value is based on quoted market prices in active or inactive markets or is derived from observable market-based pricing parameters, similar to those applied to OTC derivatives.

33. FAIR VALUE DISCLOSURES (continued)

Derivative assets and liabilities

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.

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 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 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.

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 are 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.

Financial instruments that trade in markets that are not considered to be active but are valued based on quoted market prices are classified within Level 2. These include certain non-US sovereign obligations. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Securities

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 CLOs, whether prepayments can be reinvested. A significant increase in price would result in a significantly higher fair value for long positions, and short positions would be impacted in a directionally opposite way.

33. FAIR VALUE DISCLOSURES (continued)

The tables below present the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2024 and 31 December 2023.

	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M
31 December 2024 -				
Recurring Fair Value Measurement				
Assets				
Resale agreements and securities borrowed transactions	—	51,798	—	51,798
Derivative assets	2,621	146,059	1,842	150,522
Equities and convertible debentures	24,110	12,991	72	37,173
Corporate debt and preferred stock	—	11,137	185	11,322
Mortgage-backed and asset-backed securities	—	864	219	1,083
Non-US governments and agencies	2,327	6,964	58	9,349
US government and agencies	27	4	—	31
Commodities	—	4,292	—	4,292
Other investments	—	—	169	169
Debt securities at FVOCI	614	634	—	1,248
Total assets	**29,699**	**234,743**	**2,545**	**266,987**

	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M
31 December 2024 -				
Recurring Fair Value Measurement				
Liabilities				
Repurchase agreements and securities loaned transactions	—	53,687	—	53,687
Derivative liabilities	2,688	145,202	1,619	149,509
Equities and convertible debentures	14,017	4,502	3	18,522
Corporate debt and preferred stock	34	2,113	3	2,150
Non-US governments and agencies	1,558	5,724	—	7,282
US governments and agencies	661	—	—	661
Commodities	—	754	—	754
Other creditors	—	6,418	356	6,774
Total liabilities	**18,958**	**218,400**	**1,981**	**239,339**

Commodities are accounted for under the commodity broker - trader guidance in IAS 2 Inventories.

33. FAIR VALUE DISCLOSURES (continued)

	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M
31 December 2023 -				
Recurring Fair Value Measurement				
Assets				
Resale agreements and securities borrowed transactions	—	39,839	—	39,839
Derivative assets	3,821	135,552	1,647	141,020
Equities and convertible debentures	19,288	12,728	59	32,075
Corporate debt and preferred stock	—	10,001	197	10,198
Mortgage-backed and asset-backed securities	—	1,134	263	1,397
Non-US governments and agencies	1,011	4,289	30	5,330
US government and agencies	5	—	—	5
Commodities	—	3,838	—	3,838
Other investments	—	—	126	126
Debt securities at FVOCI	1,237	509	—	1,746
Total assets	**25,362**	**207,890**	**2,322**	**235,574**

	Level 1	Level 2	Level 3	Total
	$M	$M	$M	$M
31 December 2023 -				
Recurring Fair Value Measurement				
Liabilities				
Repurchase agreements and securities loaned transactions	—	38,700	—	38,700
Derivative liabilities	3,776	135,692	1,362	140,830
Equities and convertible debentures	12,938	3,851	2	16,791
Corporate debt and preferred stock	—	2,004	6	2,010
Non-US governments and agencies	1,444	3,186	—	4,630
US governments and agencies	346	—	—	346
Commodities	—	638	—	638
Other creditors	—	7,973	188	8,161
Total liabilities	**18,504**	**192,044**	**1,558**	**212,106**

33. FAIR VALUE DISCLOSURES (continued)

Transfers between Level 1 and Level 2

During 2024, there were transfers of financial instruments of $13,062 million (2023: $8,247 million) from Level 1 to Level 2 and of $11,499 million (2023: $9,125 million) from Level 2 to Level 1 on assets and $10,361 million (2023: $6,125 million) from Level 1 to Level 2 and of $8,575 million (2023: $6,888 million) from Level 2 to Level 1 on liabilities.

Transfers between levels of the fair value hierarchy are deemed to occur at the end of each quarterly reporting period. Transfers into and out of levels of the fair value hierarchy are primarily attributable to observability of valuation inputs and price transparency.

Fair Values of Level 3 Assets and Liabilities

The Level 3 financial instruments include corporate loans, bonds, derivatives, illiquid and unlisted equity investments.

By definition unobservable inputs relate to mark-to-model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. The model inputs are considered significant if, in the opinion of management, impact on balance sheet carrying value would be greater than 10%. Between 5% and 10% further review and exercise of professional judgement will be required. This is true whether the financial instrument is considered a cash security, securitised product or structured derivative. Classification on Level 3 is essentially 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 unobservable 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.

Level 3 assets as of 31 December 2024 totalled $2,545 million (2023: $2,322 million) and represented 1 percent (2023: 1 percent) of both total assets and assets measured at fair value. Level 3 liabilities as of 31 December 2024 totalled $1,981 million (2023: $1,558 million) and represented 1 percent (2023: 1 percent) of both total liabilities and liabilities measured at fair value. The tables on the next pages present a reconciliation of the opening and closing balances for all Level 3 assets and liabilities measured at fair value at 31 December 2024 and 31 December 2023.

33. FAIR VALUE DISCLOSURES (continued)

The following table provides a summary of changes in Level 3 financial assets.

	Derivative assets	Equities and convertible debentures	Corporate debt and preferred stock	Mortgage - backed and asset-backed securities	Non US Govt	Other investments	Total
	$M	$M	$M	$M	$M	$M	$M
Financial Assets							
At 1 January 2024	**1,647**	**59**	**197**	**263**	**30**	**126**	**2,322**
Total gains/(losses) recognised throughout the year	**185**	**57**	**11**	**(17)**	**(2)**	**43**	**277**
Purchases	**368**	**17**	**131**	**110**	**80**	**—**	**706**
Sales	**(3)**	**(6)**	**(50)**	**(163)**	**(16)**	**—**	**(238)**
Issuances	**—**	**—**	**12**	**—**	**—**	**—**	**12**
Settlements	**(304)**	**(64)**	**(167)**	**(8)**	**(37)**	**—**	**(580)**
Transfers out	**(203)**	**(14)**	**(12)**	**(41)**	**—**	**—**	**(270)**
Transfers in	**152**	**23**	**63**	**75**	**3**	**—**	**316**
At 31 December 2024	**1,842**	**72**	**185**	**219**	**58**	**169**	**2,545**
Unrealised gains/ (losses)	**192**	**(7)**	**2**	**(30)**	**(2)**	**43**	**198**

33. FAIR VALUE DISCLOSURES (continued)

The following table provides a summary of changes in Level 3 financial liabilities.

	Derivative liabilities	Equities and convertible debentures	Corporate debt and preferred stock	Other creditors	Total
	$M	$M	$M	$M	$M
Financial Liabilities					
At 1 January 2024	**(1,362)**	**(2)**	**(6)**	**(188)**	**(1,558)**
Total (losses)/gains recognised throughout the year	**(384)**	**—**	**4**	**30**	**(350)**
Purchases	**—**	**—**	**—**	**(289)**	**(289)**
Sales	**(266)**	**—**	**—**	**(9)**	**(275)**
Issuances	**—**	**—**	**—**	**—**	**—**
Settlements	**364**	**—**	**—**	**100**	**464**
Transfers out	**528**	**2**	**—**	**—**	**530**
Transfers in	**(499)**	**(3)**	**(1)**	**—**	**(503)**
At 31 December 2024	**(1,619)**	**(3)**	**(3)**	**(356)**	**(1,981)**
Unrealised gains/(losses)	**(355)**	**—**	**4**	**29**	**(322)**

Unrealised (losses)/gains relate to profit or loss from positions still held at year end and are included within net trading revenues. Total (losses)/gains recognised throughout the year are included within net trading revenues.

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. The transfers into Level 3 from Level 2 during the year were due to a 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.

33. FAIR VALUE DISCLOSURES (continued)

The following table provides a summary of changes in Level 3 financial assets.

	Derivative assets	Equities and convertible debentures	Corporate debt and preferred stock	Mortgage-backed and asset-backed securities	Repo	Non US Govt	Other investments	Total
	$M	$M	$M	$M	$M	$M	$M	$M
Financial Assets								
At 1 January 2023	1,983	61	225	355	6	47	96	2,773
Total (losses)/ gains recognised throughout the year	(503)	55	30	6	—	8	30	(374)
Purchases	295	3	61	73	—	60	—	492
Sales	(1)	(2)	(86)	(197)	—	(23)	—	(309)
Issuances	—	—	4	—	—	—	—	4
Settlements	(203)	(60)	(127)	(10)	—	(62)	—	(462)
Transfers out	(362)	(4)	(31)	(117)	(13)	—	—	(527)
Transfers in	438	6	121	153	7	—	—	725
At 31 December 2023	**1,647**	**59**	**197**	**263**	**—**	**30**	**126**	**2,322**
Unrealised (losses)/gains	**(503)**	**(5)**	**8**	**(2)**	**—**	**8**	**30**	**(464)**

33. FAIR VALUE DISCLOSURES (continued)

The following table provides a summary of changes in Level 3 financial liabilities.

	Derivative liabilities	Equities and convertible debentures	Corporate debt and preferred stock	Non-US governments and agencies	Other creditors	Total
	$M	$M	$M	$M	$M	$M
Financial Liabilities						
At 1 January 2023	(1,223)	—	(4)	—	(211)	(1,438)
Total (losses)/gains recognised throughout the year	(262)	—	(2)	—	(20)	(284)
Purchases	—	—	—	—	—	—
Sales	(343)	—	—	—	(16)	(359)
Issuances	—	—	—	—	(8)	(8)
Settlements	121	—	—	—	62	183
Transfers out	659	—	—	—	5	664
Transfers in	(314)	(2)	—	—	—	(316)
At 31 December 2023	**(1,362)**	**(2)**	**(6)**	**—**	**(188)**	**(1,558)**
Unrealised gains	**(315)**	**—**	**(1)**	**—**	**(21)**	**(337)**

The following tables 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 Company uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example, market comparable and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparable 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.

33. FAIR VALUE DISCLOSURES (continued)

31 December 2024

Product	Valuation Technique	Significant Unobservable Inputs	Unit	Input Low	Input High	Input Weighted Average	Fair Value Assets $M	Fair Value Liabilities $M
Equities and Convertible Debentures	Discounted cash-flow, market comparable	Yield	%	4	37	17	**72**	**(3)**
Corporate Debt and Preferred Stock		Prepayment speed	%	20	20	n/a	**185**	**(3)**
		Default rates	%	2	2	n/a		
Mortgage- backed and Asset-backed securities		Loss severities	%	30	30	n/a	**219**	**—**
		Price	$	0	135	69		
Non-US governments and agencies							**58**	**—**
Other creditors	Discounted cash-flow, market comparable, industry standard derivative pricing	Yield	%	18	22	21	**—**	**(356)**
		Price	$	32	100	91		
		Natural Gas forward price	MMBtu	2	7	4		
Credit derivatives	Discounted cash-flow, stochastic recovery correlation model	Credit Spreads	Points	3	298	63	**495**	**(382)**
		Prepayment speed	%	15	15	n/a		
		Default rates	%	2	2	n/a		
		Credit Correlation	%	29	63	49		
		Price	$	0	99	94		
Equity Derivatives	Industry standard derivative pricing	Equity correlation	%	0	100	59	**349**	**(663)**
		Long-dated volatilities	%	1	87	33		
Commodity Derivatives	Discounted cash flow, Industry standard derivative pricing	Natural Gas forward price	MMBtu	2	7	4	**6**	**(1)**
		Power forward price	$	22	104	48		
Interest Rate Derivatives	Industry standard derivative pricing	Correlation (IR/IR)	%	(35)	70	50	**992**	**(573)**
		Correlation (FX/IR)	%	(25)	58	27		
		Long-dated inflation rates	%	(1)	21	3		
		Long-dated inflation volatilities	%	0	5	3		
		Interest rate volatilities	%	-1	1	0		

33. FAIR VALUE DISCLOSURES (continued)

31 December 2023

Product	Valuation Technique	Significant Unobservable Inputs	Unit	Input Low	Input High	Input Weighted Average	Fair Value Assets $M	Fair Value Liabilities $M
Equities and Convertible Debentures	Discounted cash-flow, market comparable	Yield	%	5	59	13	59	(2)
Corporate Debt and Preferred Stock		Prepayment speed	%	10	20	16	197	(6)
		Default rates	%	3	4	4		
Mortgage- backed and Asset-backed securities		Loss severities	%	35	40	37	263	—
		Price	$	0	157	70		
Non-US governments and agencies							30	—
Other creditors	Discounted cash-flow, market comparable, industry standard derivative pricing	Equity correlation	%	5	97	25	—	(188)
		Yield	%	58	58	n/a		
		Price	$	0	100	90		
		Natural Gas forward price	MMBtu	1	7	4		
Credit derivatives	Discounted cash-flow, stochastic recovery correlation model	Credit Spreads	Points	2	79	59	410	(342)
		Prepayment speed	%	15	15	n/a		
		Default rates	%	2	2	n/a		
		Credit Correlation	%	22	62	58		
		Price	$	0	94	87		
Equity Derivatives	Industry standard derivative pricing	Equity correlation	%	0	99	67	186	(480)
		Long-dated volatilities	%	4	102	34		
Commodity Derivatives	Discounted cash flow, Industry standard derivative pricing	Natural Gas forward price	MMBtu	1	7	4	2	—
		Power forward price	$	21	91	42		
Interest Rate Derivatives	Industry standard derivative pricing	Correlation (IR/IR)	%	(35)	89	65	1,049	(540)
		Correlation (FX/IR)	%	(25)	58	35		
		Long-dated inflation rates	%	(1)	11	0		
		Long-dated inflation volatilities	%	0	5	2		
		Interest rate volatilities	%	0	2	1		

33. FAIR VALUE DISCLOSURES (continued)

Securities

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 CLOs, whether prepayments can be reinvested. A significant increase in price would result in a significantly higher fair value for long positions, and short positions would be impacted in a directionally opposite way.

Derivatives 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 and, in the case of CLOs, whether prepayments can be reinvested.

Structured credit derivatives are impacted by credit correlation. Default correlation is a parameter that describes the degree of dependence among credit default rates within a credit portfolio that underlies a credit derivative instrument. The sensitivity of this input on the fair value varies depending on the level of subordination of the tranche. For senior tranches that are net purchases of protection, a significant increase in default correlation would result in a significantly higher fair value. Net short protection positions would be impacted in a directionally opposite way.

For equity derivatives, commodity derivatives, interest rate derivatives and structured liabilities, a significant change in long-dated rates, 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. For structured liabilities, a significant increase in yield or decrease in price would result in a significantly lower fair value. A significant decrease in duration may result in a significantly higher fair value.

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 $1,136 million (2023: $954 million) or decreased fair value by as much as $1,409 million (2023: $1,216 million) with the potential effect impacting profit and loss.

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.

33. FAIR VALUE DISCLOSURES (continued)

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.

For reverse repurchase agreements and repurchase agreements the carrying amount is deemed a reasonable approximation of fair value, given the short-term nature of these instruments. Carrying amount for Resale agreements and securities borrowed held at amortised cost was $73,785 million (2023: 58,218 million) while for Repurchase agreements and securities loaned held at amortised cost was $49,860 million (2023: $24,238 million).

The fair value of other long-term funding is determined by reference to quoted market prices where available or by reference to quoted market prices of similar instruments.

Long-term funding made up of amount owned to affiliates is classified as Level 2 and has an approximate fair value of $23,995 million (2023: $24,787 million) and carrying amount of $23,328 million (2023: $24,283 million), for more details see note 24 Creditors: Amount falling due after more than one year.

Carrying amount of debtors held at amortised cost was $51,595 million (2023: $54,891 million) and of creditors was $47,592 million (2023: $55,437 million). Included within debtors, is an amount owed from an affiliated company which is due after one year and has an approximate fair value of $2,895 million (2023: $3,133 million) and carrying amount of $2,739 million (2023: $3,014 million). For more details refer to note 19 Debtors.

For all other debtors and creditors in the statement of financial position the carrying amounts are a reasonable approximation of their fair value, due to the short-term nature of these instruments.

For more details refer to note 27 Analysis of Financial Assets and Liabilities by Measurement Basis.

34. 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"). 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 2024, 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 RSUs granted predominantly vest over four years in one-fourth increments on each of the first four 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.

35. INTEREST RATE BENCHMARK REFORM

On 30 September 2024, the remaining synthetic USD LIBOR settings were published for the last time, all LIBOR settings have now permanently ceased. After 28 June 2024, the publication of all tenors of Canadian Dollar Offered Rate ("CDOR") permanently ceased.

The Company continues to track the cessation of other IBORs and will continue to remediate outstanding contracts proactively ahead of cessation or through contractual fallback provisions. The Company's exposure to other IBORs is limited, with remediation overseen by impacted businesses within the relevant jurisdictions. Given the market transition has materially completed, the quantitative disclosure for 2024 is not included.

The following table relates to comparatives as at 31 December 2023:

	CAD CDOR	PLN WIBOR	MXN TIIE	Other IBOR	TOTAL
	$M	$M	$M	$M	$M
Derivatives	142,890	107,046	54,228	280	304,444
	142,890	107,046	54,228	280	304,444

36. RELATED PARTY TRANSACTIONS

As detailed in note 1 Corporate Information and Basis of Preparation, 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 members of a group.

Management considers 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 10 Directors' Remuneration.

37. EVENTS OCCURRING AFTER THE REPORTING DATE

The Company evaluates whether events occurring after the balance sheet date but before the date the financial statements are available to be issued, require accounting as of the balance sheet date, or disclosure in the financial statements. The Company has evaluated such subsequent events through 18 March 2025 which is the issuance date of the financial statements.

On 18 March 2025 the Company's directors recommended the final dividend for the year ended 31 December 2024 of $1,027 million ($0.13 per share).

There were no other material subsequent events that occurred during such period that would require disclosure or recognition in the financial statements as of 31 December 2024.