BANK OF AMERICA

Bank of America, N.A. Australian Branch Remuneration Disclosure pursuant to APRA Prudential Standard CPS 511

Performance Year Ended 31 December 2024

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Introduction

This document has been prepared on behalf of the Bank of America, National Association, Australian Branch ("the Company") for the purposes of complying with requirements under Australian Prudential Regulation Authority ("APRA") Prudential Standard CPS 511 ("CPS 511"). The Company is a foreign ADI and non-significant financial institution under CPS 511.

The following information describes the remuneration practices followed by the Company in respect of performance year 1 January 2024 to 31 December 2024 and has been prepared by reference to the requirements of CPS 511.

The Bank of America Corporation (the "Bank of America") operates its remuneration programs on a global basis, including for the employees employed by the Company in Australia. To that extent, the remuneration programs within the Company are applicable to the following persons:

- All "Accountable Persons" as defined under *Financial Accountability Regime Act 2023* ("FAR Act") or Banking Executive Accountability Regime ("BEAR") (as applicable) and identified by the Company.
- All "Highly-Paid Material Risk Takers" as defined under CPS 511.
- All employees registered with APRA as "Responsible Persons" as required under Prudential Standard CPS 520: Fit and Proper; namely all members of the Company's Local Management Team ("LMT") and certain Merrill employees who are identified by the LMT as having oversight over the Company's functions and are registered with APRA.
- Employees whose primary role is risk management, compliance, internal audit, financial control or actuarial control.
- All other employees for whom a significant portion of total remuneration is based on performance and whose activities, individually or collectively, may affect the financial soundness of the Company.
- Any other person(s), entity or service provider deemed by the Company's LMT to either individually or collectively have a potential impact on the financial soundness of the Company either directly or indirectly.
- Otherwise, all persons who are:
    - employed directly by the Company;
    - retained directly by the Company under contract; and/or

- employed by, or a contractor of a body corporate (including a service company) that is a related body corporate or connected entity of the Company.

The Company has identified 'Specified Roles', as required by CPS 511, to include, for example, individuals including the Senior Officer outside of Australia, Branch Manager, Lead Trader, Sector Desk Manager, Country Risk Manager, Country Compliance Manager, Country Co-Heads of Audit, and Country Finance Manager.

The Company applies prudent risk management practices to its incentive remuneration programs across the enterprise and is committed to a remuneration governance structure that effectively contributes to its overall risk management policies.

In order to provide an appropriate balance of risk and reward, incentive remuneration plans are developed in accordance with the Bank of America's Compensation Governance Policy (the "CGP") and the Global Compensation Principles therein:

> Principle 1. Compensation should be comprised of an appropriate mix of salary, benefits and incentives paid over time that properly aligns employee and stockholder interests.
>
> Principle 2. Criteria for payment of incentive compensation should take into account Company-wide, business unit and individual factors.
>
> Principle 3. Compensation should be determined on the basis of a combination of financial and nonfinancial factors that reflect both the current period and a longer period.
>
> Principle 4. Compensation programs should incorporate appropriate governance processes and procedures.

These principles work in conjunction with broader remuneration practices, including the Company's overall commitment to pay-for-performance, remuneration policies and risk management processes set forth in the Bank of America's Risk Framework.

Governance and the Decision-making Process for Determining the Remuneration Policy

The Bank of America applies its remuneration policy on a global basis, including for the Company, and has four primary levels for the governance of remuneration plans:

i. the Bank of America's Board of Directors (the "Board");

ii. the Board's Compensation and Human Capital Committee (the "Committee"), which is wholly made up of independent directors and functions as the Bank of America's global remuneration committee;

iii. the Management Compensation Committee ("MCC"); and

iv. governance by line of business management and independent control functions aligned to the line of business and regional governance (remuneration) committees.

During performance year 2024, the Committee held eight (8) meetings.

The Committee oversees the establishment, maintenance and administration of the Bank of America's remuneration programs and employee benefit plans, including approving the remuneration of the direct reports of the Chief Executive Officer (the "CEO") of the Company and approving and recommending the remuneration of the CEO to the Board for its further approval.

Under the supervision of the Committee, oversight, review and responsibility for remuneration decision-making is allocated to the appropriate level of the Bank of America's structure so that the most relevant level of management makes remuneration decisions with documented input from the Bank of America's independent control functions. Final incentive pools for the Company are approved by the Senior Officer Outside Australia ("SOOA").

The Committee has adopted and annually reviews the CGP, which is designed to be consistent with global regulatory initiatives so that the Company's incentive remuneration plans do not encourage excessive risk taking and ensure they align with the Bank of America's business plan, strategic objectives and risk management framework.

As described in the CGP, line of business incentive remuneration plans are also periodically reviewed and evaluated by line of business management, independent control functions aligned to the line of business and the MCC. In addition, the Committee reviews senior executive officer remuneration programs. Each of these reviews focuses in part on development of remuneration programs that do not encourage excessive risk taking.

The Committee receives, from time to time, direct feedback from the independent control functions on remuneration programs. For performance year 2024, in addition to reviewing the individual incentive remuneration awards for executive officers and other senior executives who report directly to the CEO, the Committee also reviewed the outcomes of the Bank of America's robust control function feedback process, conduct reviews and individual incentive remuneration awards for certain highly compensated employees. As part of its governance routine, the Committee met with the heads of the Company's independent control functions (including the Chief Risk Officer ("CRO")) and business lines to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, the Company's CRO also certifies all incentive plans across the Company as part of the MCC's governance process.

As a result of these processes and reviews, and in combination with the risk management and clawback features of the Company's remuneration programs, Bank of America believes that its remuneration plans are designed to appropriately balance risk and financial results in a manner that does not (i) encourage employees to expose the Company to excessive or imprudent risk taking or (ii) reward or incentivize impermissible proprietary trading. Moreover, oversight by the Committee, MCC, independent control functions, and line of business management help the Company maintain a remuneration program that is intended to mitigate the potential for conflicts of interest.

As authorized under its charter, the Committee has engaged an independent remuneration consultant. The independent remuneration consultant meets regularly with the Committee outside of the presence of management and alone with the Committee Chair, and also reviews management's incentive plan certifications with the Committee.

Additional information regarding the Committee is included in the annual Proxy Statement available on Bank of America's Investor Relations website.

The Link Between Pay and Performance

The cornerstone of Bank of America's remuneration philosophy across all lines of business is to pay for performance – Company, 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 Global Talent function in Human Resources. 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.

In addition, 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 and performance assessment routines are designed to reflect this. Where appropriate, an employee who fails to act in a client's best interests may receive negative performance ratings, remuneration impacts and disciplinary action up to and including termination of employment.

Oversight by the CHCC, MCC, independent control functions and line of business management help the Bank of America and the Company maintain a remuneration program that does not encourage employees to favor their own or the Company's interests over a client's when recommending or offering a particular security or transaction to the client. Additionally, dual oversight of remuneration through global governance routines, as applicable, encourages debate and consistency of approach across lines of business, countries and legal entities, when considering individual performance, conduct and remuneration.

Each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviors, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on Company-wide, line of business or individual results. Qualitative performance objectives may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to the Risk Framework and operating principles, adherence to the Company's Code of Conduct and other core values of the Company.

Employees receive two ratings – a Result rating (based on factors such as business performance) and a Behavior rating (based on factors such as conduct, broader contributions to the Company, leadership, teamwork, etc.). The scale for both ratings is Exceeds Expectations, Meets Expectations and Does Not Meet Expectations. Both the Result and Behavior ratings are used in determining employees' remuneration. As a result, an employee's remuneration can be influenced not only by what the employee achieves, but how the employee achieves it and the employee may receive no variable award if performance is not sufficiently strong.

The Company's pay-for-performance program also requires that all employees complete annual mandatory risk and compliance training.

Risk Management and Incentive Plans

Risk is inherent in every material business activity that the Company undertakes. The Company's business exposes it to both financial and non-financial risks, including strategic, credit, conduct, market, liquidity, compliance, operational and reputational risks, which incorporate environmental and social considerations. The Company must manage these risks to maximize its long-term results by ensuring the integrity of its assets and the quality of its earnings. To support the Company's corporate goals and objectives, risk appetite and business and risk strategies, the Company maintains a governance structure that delineates the responsibility for risk management activities, as well as governance and oversight of those activities, by management and the Company's Board.

Executive management develops for Board approval the Company's Risk Framework, which defines the accountability of the Company and its employees in managing risk; the Company's Risk Appetite Statement, which defines the parameters under which the Company will take risk; and the Company's strategic and financial operating plans. Management monitors, and the Board oversees directly and through its committees, the Company's financial performance, execution against the strategic and financial operating plans, compliance with risk appetite metrics and adequacy of internal controls. The Company continually evaluates the design of its remuneration programs in accordance with the Risk Framework. Also, the Risk function conducts an annual review of the Company's remuneration programs and processes.

The Company applies prudent risk management practices to its incentive remuneration programs and is committed to a remuneration governance structure that effectively contributes to the Company's overall risk management policies.

The Company's incentive plans are designed to compensate employees based on their performance ratings for results against their individual performance plan and behaviors, as well as overall Company and line of business performance. Annual budgets for incentive pools are established as part of the overall financial planning process so that planned incentives align to the overall anticipated performance of the Company. Incentive pools are based on a combination of financial, risk and non-financial measures and performance. The determination of incentive pools is also subject to management discretion, taking into account overall performance, inclusive of risk, of the Company and/or specific lines of business and other factors including the achievement of strategic objectives and a qualitative assessment of the quality and sustainability of earnings over time. Incentive pools may be adjusted to reflect all current and long-term risks, considering the Company's Risk Framework, arising through line of business and product performance.

Risk is also taken into account and managed in connection with the Company's incentive remuneration programs through arrangements permitting performance adjustment of deferred variable remuneration. Employees in positions where the greatest risk is being taken are subject to higher levels of deferral and potential performance adjustments.

Human Resources and Compliance capture all employee conduct issues in an integrated case management tool. All conduct issues (at an individual level) are consolidated into a central monthly report, which is used to inform performance management, remuneration, as well as promotion decisions. In addition, consolidated reporting is leveraged for trend analysis and discussion during regular governance routines. The reporting covers all conduct outcomes, including (in order of increasing severity): Policy Reminder, Letter of Education, Letter of Caution, Written Warning, Final Written Warning and Termination of Employment.

The reporting is referenced at mid-year and year-end to enable consistency in how employee conduct is considered when making performance and remuneration decisions which may include: (i) incorporation of appropriate commentary about the misconduct in the employee's performance review, (ii) a constraint on the opportunity for an employee to receive an "Exceeds" rating for their "How" performance rating, and (iii) an impact on the amount of any discretionary compensation or incentives awarded to the employee. Conduct data is reviewed with the Committee two times per year at mid-year and year-end and the process culminates with 1:1 meetings between the management team and the Committee as part of a four hour meeting.

The remuneration of the independent control functions operates independently from the lines of business they support. To this end, independent control functions operate as separate lines of business, and remuneration of independent control function employees (including salary levels and incentive awards) is not based on the financial performance of the individual lines of business they support.

Employee Pay

The types of roles included in 'Specified Roles' in the Company include the Senior Officer outside of Australia, the Branch Manager, the Lead Trader, the Sector Desk Manager, the Country Risk Manager, the Country Compliance Manager, the Country Co-Heads of Audit, and the Country Finance Manager.

Bank of America remuneration is comprised of a balanced mix of fixed remuneration, benefits, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the higher an employee's management level or amount of incentive remuneration award, the greater the proportion of incentive remuneration that should be (i) subject to deferral and (ii) delivered in the form of equity remuneration. The Company believes equity-based awards are the simplest, most direct way to align employee interests with those of stockholders. A portion of the incentive award is provided as a deferred incentive that generally becomes earned and payable over a period of four years after grant. Deferred incentives will be cancelled in case of detrimental conduct and, for certain key risk takers may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period.

The Company offers variable remuneration which may be delivered as cash, equity-based awards, such as Restricted Stock Units, or long-term cash awards. Equity-based awards and long-term cash awards generally become earned and payable over multiple years. As explained below, these variable remuneration awards are used as a means of deferred incentive which can be cancelled under certain circumstances.

Consequence Management

So that employees are focused on long-term performance and in order to have remuneration awards at-risk over an appropriate time horizon that can be easily communicated and understood, for individuals receiving variable remuneration above the applicable deferral threshold, a portion of the incentive award is provided as a deferred incentive that generally becomes earned and payable over a period of four years after grant. Deferred incentives will be cancelled in case of detrimental conduct and, for certain key risk takers may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to the Company's standards, the value of the deferred incentive award made may be impacted.

The Company generally uses a standard four-year vesting approach, rather than customizing vesting periods to lines of business, because the Company believes having a standard design that is easily communicated provides a better focus and outcome with employees and is more consistently administered. Since awards are made each year, as appropriate, at any time an employee will have an ongoing four-year time horizon to focus on delivering results, which the Company believes should achieve the goal of the design.

Additionally, there are obligations to defer Variable Remuneration of Accountable Persons and Highly-Paid Material Risk-Takers in accordance with FAR, BEAR and CPS 511.

Under CPS 511, 40% of the total Variable Remuneration of a Highly-Paid Material Risk-Taker must be deferred, unless the deferred Variable Remuneration is less than $50,000 in a financial year. The Variable Remuneration of Highly-Paid Material Risk Takers must be deferred for a period of four years, with vesting no faster than on a pro-rata basis and only after two years. The deferral period will include the period over which performance is assessed. The deferral period will also include any required service, retention and holding periods.

The Company applies a "detrimental conduct" cancellation and clawback feature to all its deferred awards. If an employee engages in detrimental conduct, any unvested portion of deferred incentives will be cancelled or adjusted downwards and previously vested awards may also be recouped, i.e., the Company may seek to clawback any amounts already paid. "Detrimental conduct" is defined as an employee's serious misconduct or unethical behavior, including any one of the following: (i) any conduct that would constitute "cause"; (ii) the commission of a criminal act by the employee, whether or not performed in the workplace, that subjects, or if generally known, would subject the Company, its subsidiaries, or a client of the Company or its subsidiaries to public ridicule or embarrassment, or other improper or intentional conduct causing reputational harm to the Company, its subsidiaries, or a client of the Company or its subsidiaries; (iii) the breach of a fiduciary duty owed to the Company or its subsidiaries or a client or former client of the Company or its subsidiaries; (iv) intentional violation, or grossly negligent disregard, of the Company's or its subsidiaries' policies, rules and procedures, specifically including but not limited to any of the employee's obligations under the Company's Code of Conduct and workplace policies; or (v) the employee's taking or maintaining trading positions that result in a need to restate financial results in a subsequent reporting period or that result in a significant financial loss to the Company or its subsidiaries during or after the performance year.

Disclosure of Remuneration Programs

As a United States ("U.S.") based firm, the Company's primary regulator is the U.S. Board of Governors of the Federal Reserve System (the "Federal Reserve"). The Company works closely with the Federal Reserve so that its remuneration programs and practices are consistent with the Federal Reserve's requirements, in addition to those of other regulators globally.[1]

Under U.S. Securities and Exchange Commission rules, the Company discloses details of its executive remuneration program and pay-for-performance philosophy in its annual Proxy Statement. In addition, the Company discloses information about its governance and risk management practices with respect to its remuneration programs generally. The Company believes that this disclosure adequately informs shareholders and other stakeholders about its remuneration programs and practices, including the Company's focus on effective governance and appropriate risk management oversight and review of its remuneration programs to appropriately balance risks and rewards in a manner that does not encourage excessive risk taking by employees and does not create risks that are reasonably likely to have a material adverse effect on the Company.

The Company will continue to make disclosures as required by the laws and regulations applicable in the U.S. and in other countries where the Company does business.

[1] On June 21, 2010, the Board of Governors of the Federal Reserve System issued final guidance, titled "Guidance on Sound Incentive Compensation Policies" for regulated U.S. financial services companies. Included in that guidance was the following statement: "This guidance and the principles reflected herein are consistent with the *Principles for Sound Compensation Practices* issued by the Financial Stability Board (FSB) in April 2009, and with the FSB's *Implementation Standards* for those principles, issued in September 2009."