BofA SECURITIES

BofA Securities Europe SA

Pillar 3 Disclosure

As at 31 December 2021

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Glossary

ABS	Asset-Backed Security
ACPR	Autorité de Contrôle Prudentiel et de Résolution
A-IRB	Advanced IRB
ALM	Asset and Liability Management
AMA	Advanced Measurement Approach
AMF	Autorité des Marchés Financiers
ASA	Alternative Standardised Approach
ASF	Available Stable Funding
AT1	Additional Tier 1
BAC / BAC Group	Bank of America Corporation
BAC ERC	BAC Enterprise Risk Committee
BACANA	Bank of America California, National Association
BANA	Bank of America, National Association
BIA	Basic Indicator Approach
BofA Europe	Bank of America Europe Designated Activity Company
BofASE SA	BofA Securities Europe SA
BofASE SA Board	BofASE SA Board of Directors
BofASE SA BRC	BofASE SA Board Risk Committee
BofASE SA MRC	BofASE SA Management Risk Committee
BofASE SA NOMCO	BofASE SA Nomination Committee
BofASE SA REMCO	BofASE SA Remuneration Committee
Capital Resources	BofASE SA's Capital Resources
CCP	Central Counterparty
CCR	Counterparty Credit Risk
CCyB	Countercyclical Capital Buffer
CDO	Collateralised Debt Obligation
CDS	Credit Default Swap
CEEMEA	Central and Eastern Europe, Middle East, and Africa
CEO	Chief Executive Officer
CET1	Common Equity Tier 1
CFO	Chief Financial Officer
CLO	Collateralised Loan Obligation
CMBS	Commerical Mortgage-Backed Securities
CMR	Contingent Market Risk
COVID-19	2019 coronavirus
CQS	Credit Quality Step
CRD	Capital Requirements Directive
CRD IV	Capital Requirements Directive IV
CRD V	Capital Requirements Directive V
CRM	Comprehensive Risk Measure
CRO	Chief Risk Officer
CRR	Capital Requirements Regulations
CRR 2	Capital Requirements Regulations 2
CRR 'quick fix'	Regulation (EU) 2020/873
CSA	Credit Support Annexes
CVA	Credit Valuation Adjustment
DFC	Default Fund Contributions

EaR	Earnings at Risk
EBA	European Banking Authority
ECA	Export Credit Agency
ECAI	External Credit Assessment Institution
ECB	European Central Bank
EEA	European Economic Area
EEPE	Effective Expected Positive Exposure
EMEA	Europe, Middle East, and Africa
EMT	Executive Management Team
ESG	Environmental, Social, and Governance
EVE	Economic Value of Equity
FICC	Fixed-Income Currencies and Commodities
F-IRB	Foundation IRB
Fitch	Fitch Ratings, Inc
FLU	Front Line Unit
FTP	Funds Transfer Pricing
FX	Foreign Exchange
G-SII	Global Systemically Important Institution
GDP	Gross Domestic Product
GMFR	Global Markets and Financial Risk
GMRA	Global Master Repurchase Agreement
GRM	Global Risk Management
HQLA	High-Quality Liquid Assets
IAA	Internal Assessment Approach
IBOR	Interbank Offer Rate
ICAAP	Internal Capital Adequacy Assessment Process
ILAAP	Internal Liquidity Adequacy Assessment Process
ILST	Internal Liquidity Stress Test
IM	Initial Margin
IMA	Internal Model Approach
IMM	Internal Model Method
IMMC	Identify, Measure, Monitor, and Control
INED	BofASE SA Independent Non-Executive Director
IRB	Internal Ratings Based
IRC	Incremental Risk Charge
IRRBB	Interest Rate Risk in the Banking Book
ISDA	International Swap Dealers Association Master Agreement
IT	Information Technology
ITS	Implementing Technical Standards
LAS	Liquidity Adequacy Statement
LEI	Legal Entity Identifier
LOB	Line of Business
LRP	Liquidity Risk Policy
Minimum Capital Requirement	Pillar 1 Capital Requirement
MLI	Merrill Lynch International
Moody's	Moody's Investors Service, Inc.
MRM	Model Risk Management
NGFS	Network of Central Banks and Supervisors for Greening the Financial System
NII	Net Interest Income

NSFR	Net Stable Funding Ratio
OTC	Over-the-Counter
P&L	Profit and Loss
PFE	Potential Future Credit Exposure
QCCP	Qualifying Central Counterparty
RAS	Risk Appetite Statement
RC	Replacement Cost
Regulatory VaR	VaR for regulatory capital calculations
Reputational Risk Committee	EMEA Reputational Risk Committee
Risk Framework	BAC's Risk Governance Framework
RMBS	Residential Mortgage-Backed Securities
RNiV	Risks Not in VaR
RSF	Required Stable Funding
RTO	Return-to-Office
RWA	Risk-Weighted Assets
RWEA	Risk Weighted Exposure Amount
S&P	S&P Global Ratings
SA-CCR	Standardised Approach for Counterparty Credit Risk
SFT	Securities Financing Transaction
SREP	Supervisory Review and Evaluation Process
SSPE	Securitisation Special Purpose Entity
Steering Group	EMEA ESG Risk and Regulatory Steering Group
SVaR	Stressed Value at Risk
Trading VaR	Value at Risk used for management reporting purposes
TREA	Total Risk Exposure Amount
TRIM	Targeted Review of Internal Models
TSA	Standardised Approach
TSCR	Total SREP Capital Requirement
UMR	Uncleared Margin Rules
VaR	Value at Risk
VM	Variation Margin

BofA Securities Europe SA

Pillar 3 Disclosure

1. Introduction

As at 31 December 2021

1.1. Overview and Purpose of Document

This document contains the Pillar 3 disclosures as at 31 December 2021 in respect to the capital adequacy and risk management framework of BofA Securities Europe SA (“BofASE SA”).

This document provides details on BofASE SA’s capital resources (“Capital Resources”), regulatory defined Pillar 1 Capital Requirement (“Minimum Capital Requirement”) and Total SREP Capital Requirement (“TSCR”) as prescribed by the Autorité de Contrôle Prudentiel et de Résolution (“ACPR”). The Pillar 3 disclosures demonstrate that BofASE SA has Capital Resources in excess of this requirement and maintains robust risk management and controls.

To further increase transparency, this document also includes information on BofASE SA’s liquidity position and information on the capital requirements in respect of the Countercyclical Capital Buffer (“CCyB”). BofASE SA has not omitted any information on the basis that it is proprietary or confidential.

1.1.1. BofASE SA

BofASE SA is owned by NB Holdings Corporation (which holds 99.9% of BofASE SA) and Merrill Lynch Group Holdings I, L.L.C. (which holds 0.1% of BofASE SA), and its ultimate parent is Bank of America Corporation (“BAC” or “BAC Group”). BofASE SA’s activities form part of BAC’s Global Banking and Markets operations in Europe, Middle East, and Africa (“EMEA”), and serves as Bank of America’s primary broker-dealer for clients in the European Economic Area (“EEA”).

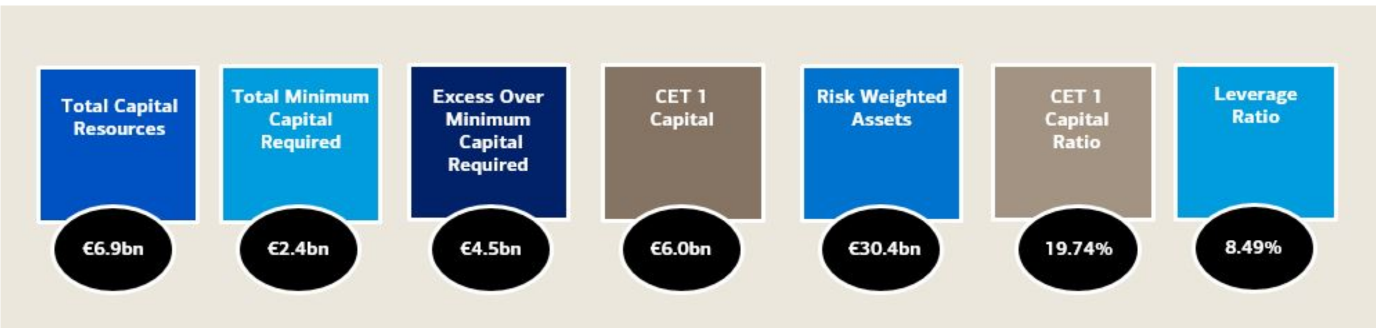
BofASE SA’s head office is in France. BofASE SA is authorised as an investment firm by the ACPR and is regulated by the ACPR and the Autorité des Marchés Financiers (“AMF”). BofASE SA has the ability to trade throughout the EEA. BofASE SA’s Legal Entity Identifier (“LEI”) is 549300FH0WJAPEHTIQ77.

As at 31 December 2021, BofASE SA was rated by Fitch Ratings, Inc (“Fitch”) (AA / F1+) and S&P Global Ratings (“S&P”) (A+ / A-1).

1.1.2. BofASE SA's Capital Position at 31 December 2021

BofASE SA’s Capital Resources consist of €6.01bn Common Equity Tier 1 (“CET1”) and €0.92bn of Tier 2 capital. As at 31 December 2021, BofASE SA’s CET1 ratio was 19.74% which significantly exceeds the Pillar 1 CET1 requirement of 4.5%, and the reported Leverage ratio of 8.49% is in excess of the 3.00% regulatory requirement which became effective as of 28 June 2021.

Figure 1.1.2.F1. – Summary of BofASE SA’s Key Metrics as at 31 December 2021



1.2. Basis of Preparation

The Basel Capital Accords provide a series of international standards for bank regulation commonly known as Basel I, Basel II, and, most recently, Basel III. Basel III was implemented in the EU through the Capital Requirements Directive (“CRD”) and the Capital Requirements Regulation (“CRR”), as amended by the Capital Requirements Regulation 2 (“CRR 2”), (collectively known as the Capital Requirements Directive IV (“CRD IV”) as amended by

Capital Requirements Directive V ("CRD V")). The CRD IV requirements took effect from 1 January 2014. The CRR 2 entered into force in June 2019 (with most provisions effective from 28 June 2021), while CRD V was transposed into French law in line with the EU transposition deadline of 29 December 2020. As an amending regulation, the existing provisions of CRR apply unless they are amended by CRR 2.

This legislation consists of three pillars. Pillar 1 is defined as 'Minimum Capital Requirement,' Pillar 2 'Supervisory Review Process,' and Pillar 3 'Market Discipline.' The aim of Pillar 3 is to encourage market discipline by allowing market participants to access key pieces of information regarding the capital adequacy of institutions through a prescribed set of disclosure requirements.

The information contained in this Pillar 3 disclosure has been prepared in accordance with Part Eight of the CRR, as amended by CRR 2, and with additional guidance provided by the ACPR notice "Modalités de calcul et de publication des ratios prudentiels dans le cadre de la CRDIV et exigence de MREL," on an individual basis. These disclosures are updated annually in line with the accounting year end as at 31 December 2021, unless otherwise stated. All tables are as at 31 December 2021, with prior year comparatives as at 31 December 2020. In accordance with Article 433 of the amended CRR, BofASE SA also produces semi-annual disclosures updated on half-yearly basis, with prior period comparatives. All disclosures are made in EUR, unless otherwise stated.

BofASE SA financial statements are prepared in accordance with French Companies Law and Generally Accepted Accounting Principles.

Therefore, the information contained in these Pillar 3 disclosures may not be directly comparable with the BofASE SA Annual Report and BofASE SA Financial Statements, and the disclosures are not required to be audited by external auditors. In addition, certain components of the disclosure contain forward looking assumptions. Forward-looking assumptions represent beliefs and expectations regarding future events and are not guarantees of future results, and involve certain known and unknown risks and uncertainties that are difficult to predict and are often not controllable. Actual outcomes and results may differ materially from those expressed in, or implied by, any forward-looking assumptions. Undue reliance should not be placed on any forward-looking assumptions and consideration should be given to the uncertainties and risks discussed in other publicly available disclosures of BAC.

Although the Pillar 3 disclosure is intended to provide transparent information on a common basis, the information contained in this document may not be directly comparable with the information provided by other banks.

These Pillar 3 disclosures are published on the Investor Relations section of BAC's corporate website: http://investor.bankofamerica.com.

CRR 'Quick Fix'

On 26 June 2020, Regulation (EU) 2020/873 ("CRR 'quick fix'") was published in the Official Journal of the EU, amending Regulations (EU) No 575/2013 and (EU) 2019/876 as regards certain adjustments in response to the 2019 coronavirus ("COVID-19") pandemic. The CRR 'quick fix' is part of a series of measures taken by European institutions to mitigate the impact of the COVID-19 pandemic on institutions across EU Member States. In addition to the flexibility already provided in the existing rules, the CRR 'quick fix' introduces certain adjustments to the CRR, including temporary measures, intended, inter alia, to enhance credit flows to companies and households, thereby supporting the EU's economy.

Article 468 of CRR 'quick fix' relates to the temporary treatment of unrealised gains and losses measured at fair value through other comprehensive income in view of the COVID-19 pandemic.

This article introduces a temporary treatment that allows institutions to remove from the calculation of their CET1 items, unrealised gains and losses measured at fair value through other comprehensive income, corresponding to exposures to central governments, to regional governments or to local authorities referred to in Article 115(2) CRR and to public sector entities referred to in Article 116(4) CRR, excluding those financial assets that are credit-impaired, during the period from 1 January 2020 to 31 December 2022. This article replaces the previous article that was applicable until 31 December 2017.

BofASE SA has chosen not to apply this temporary treatment of Article 468 of CRR 'quick fix.'

1.2.1 Mapping of Financial Statement Categories with Regulatory Risk Categories

Table 1.2.1.T1. shows BofASE SA's accounting balance sheet and breaks down the carrying values of each line item between the relevant regulatory risk framework(s) to which they are allocated. BofASE SA is subject to the requirements of Part Eight of the CRR, as amended by CRR2, on an individual basis, therefore columns a and b of the template have been merged.

Table 1.2.1.T1. – EU LI1 Differences between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories

		b	c	d	e	f	g
			Carrying values of items				
		Carrying values under scope of prudential consolidation	Subject to the credit risk framework	Subject to the CCR framework	Subject to the securitisation framework	Subject to the market risk framework	Not subject to own funds requirements or subject to deduction from own funds
	Breakdown by asset classes according to the balance sheet in the published financial statements						
1	Cash and deposits with the central banks and central clearing houses	3,287	3,287	—	—	—	—
2	Government securities and sovereign debt	4,030	537	—	—	3,493	—
3	Debtors - Receivables from banks	4,461	507	3,954	—	3,954	—
4	Debtors - Receivables from other customers	13,750	2	13,749	—	13,749	—
5	Bonds and fixed income securities	719	—	—	—	719	—
6	Equity investments and other long-term securities	4,625	—	—	—	4,625	—
7	Other assets	14,401	441	13,960	—	3,137	—
8	Regularisation accounts - receivables	22,347	39	22,308	—	22,308	—
9	Settlement accounts - receivables	1,998	—	—	—	—	1,998
10	**Total assets**	69,618	4,813	53,971	—	51,984	1,998
	Breakdown by liability classes according to the balance sheet in the published financial statements						
1	Creditors - Payables to banks	575	—	575	—	575	—
2	Creditors - Payables to other customers	11,612	—	11,611	—	11,611	1
3	Other liabilities	26,262	—	11,646	—	11,926	5,561
4	Regularisation accounts - payables	22,460	—	22,333	—	22,333	127
5	Provisions for liabilities and charges	136	—	—	—	—	136
6	Settlement account - payables	1,542	—	—	—	—	1,542
7	Subordinated debts	920	—	—	—	—	920
8	**Total liabilities**	63,507	—	46,165	—	46,445	8,287

The sum of amounts disclosed in columns (c) to (g) may not equal the amounts disclosed in column (b), as some items are subject to capital requirements for more than one risk framework listed in Part Three of CRR.

1.2.2 Differences between the Financial Statements' Carrying Value Amounts and the Exposure Amounts used for Regulatory Purposes

EU LI2 discloses differences between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes. The purpose of the following table is to provide information on the main sources of difference between the financial statements' carrying value amounts and the exposure amounts used for regulatory purposes.

Table 1.2.2.T1. – EU LI2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements

		a	b	c	d	e
		Total	Items subject to			
			Credit risk framework	Securitisation framework	CCR framework	Market risk framework
1	**Assets carrying value amount under the scope of prudential consolidation (as per template LI1)**	**67,620**	**4,813**	**1**	**53,971**	**51,984**
2	**Liabilities carrying value amount under the scope of prudential consolidation (as per template LI1)**	**55,220**	**—**	**—**	**46,165**	**46,445**
3	**Total net amount under the scope of prudential consolidation**	**12,401**	**4,813**	**1**	**7,806**	**5,539**
4	**Off-balance-sheet amounts**	**80,836**	**1,260**	**—**	**79,577**	
5	*Differences in valuations*	(76)	—	—	(76)	
6	*Differences due to different netting rules, other than those already included in row 2*	89,595	(32)	—	89,626	
7	*Differences due to consideration of provisions*	—	—	—	—	
8	*Differences due to the use of credit risk mitigation techniques*	(169,205	(1,102)	—	(168,103)	
9	*Differences due to credit conversion factors*	(71)	(71)	—	—	
10	*Differences due to Securitisation with risk transfer*	—	—	—	—	
11	*Other differences*	25,570	329	—	25,242	
12	**Exposure amounts considered for regulatory purposes**	**39,050**	**5,198**	**1**	**34,071**	**5,539**

Explanations of Differences between Accounting and Regulatory Exposure Amounts

Included below is a summary of the key types of difference between the accounting and regulatory exposure amounts as shown in the reconciliation above.

<u>Off-Balance Sheet Amounts</u>

- Instruments not on the balance sheet, such as guarantees and commitments, are considered as exposures for the calculation of regulatory capital requirements
- Collateral provided in the form of securities (debt and equity instruments) are not shown on the balance sheet, but are used in the calculation of regulatory exposure amounts

Differences Due to Netting Rules

- Under the accounting framework, financial assets and liabilities are offset, and the net amount is reported on the balance sheet 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

- Under the regulatory framework, netting is applied for the calculation of exposures where it is legally effective and enforceable. This typically means that more netting is recognised under the regulatory framework than under the accounting framework

Differences Due to the Use of Credit Risk Mitigation Techniques

- In counterparty credit risk (“CCR”), differences arise between accounting carrying values and regulatory exposure as a result of the application of credit risk mitigation, relating to financial collateral received in derivative and securities financing transactions (“SFTs”)

Differences Due to Credit Conversion Factors

- Off-balance sheet exposures are multiplied by a credit conversion factor as defined in the CRR, as amended by CRR 2, in order to determine the regulatory exposure value

Other Differences

- Under the standardised approach for counterparty credit risk an add-on for potential future credit exposure (“PFE”) is applied for derivative exposures, and an additional alpha factor of 1.4 is applied in determining the regulatory exposure value

Prudential Valuation Adjustment

Prudential valuation adjustment is deducted from BofASE SA’s Tier 1 Capital Resources. There is an established valuation control policy and prudent valuation guidelines which set out the policies and procedures for the determination of price verification and prudent valuation in accordance with the requirements of the CRR and related interpretive guidance.

1.3. Disclosure Policy

In accordance with Article 431(3) of the CRR, as amended by CRR 2, BofASE SA has adopted a formal policy to comply with the disclosure requirements included in Part Eight of the CRR. The BofA Securities Europe SA Pillar 3 Disclosure Policy sets out the internal processes, systems and controls used to verify that the disclosures are appropriate and in compliance with regulatory requirements, and that the disclosures convey BofASE SA’s risk profile comprehensively to market participants.

Senior Management Attestation

"I attest that the disclosures provided in the BofASE SA 2021 year-end Pillar 3 disclosure have been prepared in accordance with the internal control processes detailed in the BofASE SA Pillar 3 Disclosure Policy, which has been approved at the management body level as amended for non-material changes."

The BofASE SA Pillar 3 Disclosures have been attested by:

BofASE SA Chief Financial Officer and Member of the Board

George Carp

BofASE SA Chief Risk Officer

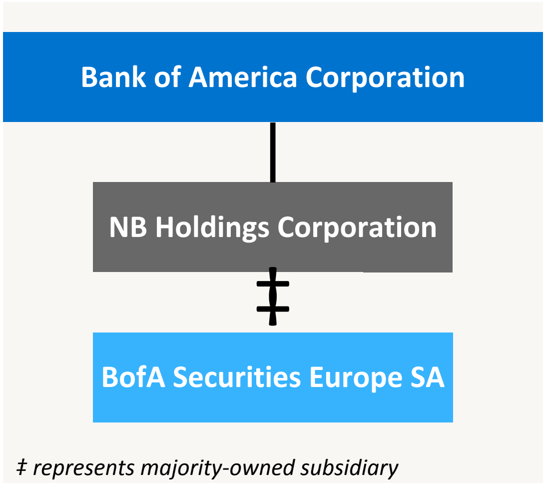
Hubert Dhers

1.4. Operation, Structure, and Organisation

BofASE SA is BAC's primary broker-dealer for clients in the EEA. BofASE SA is headquartered in Paris, France and has the ability to trade throughout Europe and conduct business with international clients.

The principal activities of BofASE SA are to provide a wide range of financial services for business originated in EEA, to act as a broker and dealer in financial instruments and to provide corporate finance advisory services. BofASE SA also provides a number of post trade related services including settlement and clearing services to third-party clients.

Figure 1.4.F1. – High-Level Ownership Chart



BofA Securities Europe SA

Pillar 3 Disclosure

2. Capital Resources and Minimum Capital Requirement

As at 31 December 2021

2.1. Capital Resources

2.1.1. Summary of 2021 Capital Resources

Capital Resources represent the amount of regulatory capital available to an entity in order to cover all risks. Defined under CRR, Capital Resources are designated into two tiers, Tier 1, and Tier 2. Tier 1 capital consists of CET 1 and Additional Tier 1 (“AT1”). CET1 is the highest quality of capital and typically represents equity and audited reserves; AT1 usually represents contingent convertible bonds, and Tier 2 capital typically consists of subordinated debt and hybrid debt capital instruments.

On 21 June 2021, an additional €1.1B of paid in equity capital was injected into BofASE SA.

On 15 October 2021, BofASE SA drew down €920M of long-term subordinated debt from an affiliate, NB Holdings Corporation. The facility has a maturity date of 31 March 2032.

The capital resources of BofASE SA are set out in Table 2.1.2.T1.

BofASE SA’s Capital Resources of €6.93B (2020: €5.00B) consist of €6.01B Tier 1 and €0.92B Tier 2 capital. All of BofASE SA’s Tier 1 capital is made up of CET1.

2.1.2. Key Movements in 2021

The following table shows a summary of BofASE SA’s key capital, leverage and liquidity metrics as at 31 December 2021.

Table 2.1.2.T1. – EU KM1 Key Metrics Template

		a	b
	(€ in Millions)	**Q4 2021**	**Q2 2021**
	Available own funds (amounts)		
1	Common Equity Tier 1 capital	6,008	6,054
2	Tier 1 capital	6,008	6,054
3	Total capital	6,928	6,054
	Risk-weighted exposure amounts ("RWEAs")		
4	Total risk exposure amount ("TREA")	30,434	28,722
	Capital ratios (as a percentage of risk-weighted exposure amount)		
5	Common Equity Tier 1 ratio (%)	19.74 %	21.08 %
6	Tier 1 ratio (%)	19.74 %	21.08 %
7	Total capital ratio (%)	22.76 %	21.08 %
	Additional own funds requirements to address risks other than the risk of excessive leverage (as a percentage of risk-weighted exposure amount)		
EU 7a	Additional own funds requirements to address risks other than the risk of excessive leverage (%)	3.69 %	3.69 %
EU 7b	of which: to be made up of CET1 capital (percentage points)	2.08 %	2.08 %
EU 7c	of which: to be made up of Tier 1 capital (percentage points)	2.77 %	2.77 %
EU 7d	Total SREP own funds requirements (%)	11.69 %	11.69 %
	Combined buffer and overall capital requirement (as a percentage of risk-weighted exposure amount)		
8	Capital conservation buffer (%)	2.50 %	2.50 %
EU 8a	Conservation buffer due to macro-prudential or systemic risk identified at the level of a Member State (%)	— %	— %
9	Institution specific countercyclical capital buffer (%)	0.10 %	0.10 %
EU 9a	Systemic risk buffer (%)	— %	— %
10	Global Systemically Important Institution ("G-SII") buffer (%)	— %	— %

(€ in Millions)		a Q4 2021	b Q2 2021
EU 10a	Other Systemically Important Institution buffer (%)	— %	— %
11	Combined buffer requirement (%)	2.60 %	2.60 %
EU 11a	Overall capital requirements (%)	14.29 %	14.29 %
12	CET1 available after meeting the total SREP own funds requirements (%)	3,370	2,697
	Leverage ratio		
13	Total exposure measure	70,770	74,731
14	Leverage ratio (%)	8.49 %	8.10 %
	Additional own funds requirements to address the risk of excessive leverage (as a percentage of total exposure measure)		
EU 14a	Additional own funds requirements to address the risk of excessive leverage (%)	— %	— %
EU 14b	of which: to be made up of CET1 capital (percentage points)	— %	— %
EU 14c	Total SREP leverage ratio requirements (%)	3.00 %	3.00 %
	Leverage ratio buffer and overall leverage ratio requirement (as a percentage of total exposure measure)		
EU 14d	Leverage ratio buffer requirement (%)	— %	— %
EU 14e	Overall leverage ratio requirement (%)	3.00 %	3.00 %
	Liquidity Coverage Ratio		
15	Total high-quality liquid assets ("HQLA") (Weighted value -average)	5,345	4,475
EU 16a	Cash outflows - Total weighted value	4,912	4,520
EU 16b	Cash inflows - Total weighted value	2,111	1,923
16	Total net cash outflows (adjusted value)	2,802	2,596
17	Liquidity coverage ratio (%)	193.07 %	174.69 %
	Net Stable Funding Ratio		
18	Total available stable funding	12,788	11,312
19	Total required stable funding	10,261	9,466
20	NSFR ratio (%)	124.63 %	119.50 %

BofASE SA's Capital Resources have increased by €0.9B since 2nd Quarter 2021. The increase was driven by the drawdown of the €920M long-term subordinated debt facility in October 2021.

2.1.3. Transferability of Capital within the Group

Capital Resources are satisfied by sourcing capital either directly from BAC or from other affiliates. There are no material, current or foreseen, practical, or legal impediments to the prompt transfer of capital resources or repayment of liabilities, subject to applicable regulatory requirements.

2.2. Capital Requirements and RWAs

2.2.1. Summary of 2021 Capital Requirement

Risk-weighted assets ("RWAs") reflect both on- and off-balance sheet risk, as well as capital charges attributable to the risk of loss arising from the following.

Credit and counterparty credit risk refers to the risk of loss arising when a borrower, counterparty or issuer does not meet its financial obligations. Credit and Counterparty Credit capital requirements are derived from RWAs, determined using the Standardised Approach for exposures.

Credit Valuation Adjustment ("CVA") is the capital requirement that covers the risk of mark-to-market losses on the counterparty risk of over-the-counter ("OTC") derivatives. CVA is calculated using standardised approaches.

Settlement risk refers to the capital requirement that covers the risk due to the possibility that a counterparty will fail to deliver on the terms of a contract at the agreed-upon time.

Securitisations exposures are a transaction or scheme, whereby the credit risk associated with an exposure or pool of exposures is tranched. Payments in the transaction or scheme are dependent upon the performance of the exposure or pool of exposures, and the subordination of tranches determines the distribution of losses during the ongoing life of the transaction or scheme.

Market risk refers to the risk that a change in the level of one or more market prices, rates, indices, implied volatilities (the price volatility of the underlying instrument imputed from option prices), correlations or other market factors, such as market liquidity, will result in losses for a position or portfolio. The market risk capital requirements comprise of capital associated with the Internal Modelling Approaches ("IMA") approved by the ACPR and those associated with the Standardised Approach.

Operational risk refers to the risk of loss, or of damage to reputation, resulting from inadequate or failed processes, people and systems or from external events (e.g., fraud, theft, legal and compliance risks, cyber-attacks, or damage to physical assets). Capital requirements for operational risk are calculated under the Standardised Approach.

BofASE SA has adopted the standardised approach for calculating counterparty credit risk, credit risk, and operational risk capital requirements. BofASE SA's approach for market risk is a combination of models approved by the ACPR, including Value at Risk ("VaR"), and the Standardised Approach. In order to adhere to the standardised rules set out in the CRR, BofASE SA uses ratings from External Credit Assessment Institutions ("ECAIs") such as Moody's Investors Service, Inc. ("Moody's"), S&P, and Fitch. BofASE SA complies with the standard association for mapping of external ratings of each nominated ECAI with the credit quality steps ("CQSs"), which is published by the European Banking Authority ("EBA").

ECAI ratings are used for all relevant exposure classes. BofASE SA does not use Export Credit Agencies ("ECAs"). There have been no changes relating to the use of ECAIs or ECAs during the reporting period. BofASE SA does not transfer issuer and issue credit assessments onto items not included in the trading book.

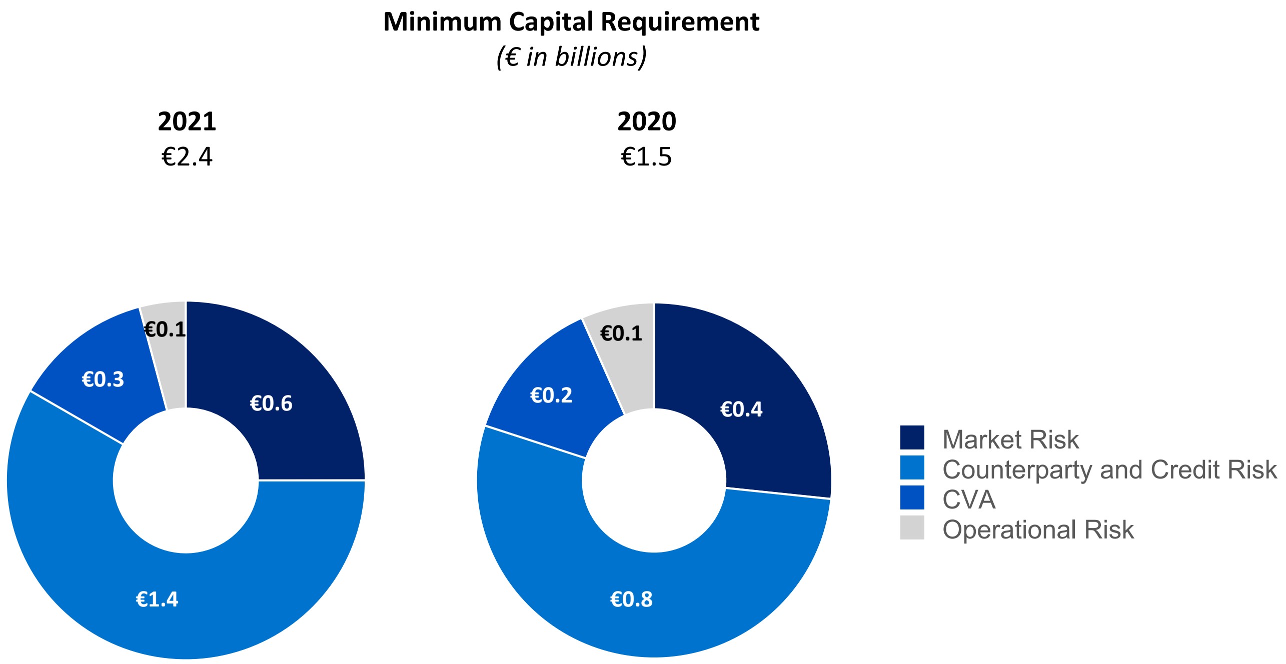
Amounts below the thresholds for deduction correspond to items not deducted from Own Funds, as they are below the applicable thresholds for deduction, in accordance with the CRR.

Figure 2.2.1.F1. summarises RWAs and Minimum Capital Requirements for BofASE SA by risk type. BofASE SA calculates Minimum Capital Requirements as 8% of RWAs in accordance with CRR.

BofASE SA is subject to a Minimum Capital Requirement as set out in CRR. BofASE SA is also required to hold capital in addition to the Minimum Capital Requirements to meet ACPR obligations and CRD buffers.

The Minimum Capital Requirements principally comprises of credit risk, market Risk, and operational Risk requirements. At 31 December 2021, BofASE SA had a Minimum Capital Requirement of €2.4B (2020: €1.5B) comprising of the risk requirements outlined in Figure 2.2.1.F1.

Figure 2.2.1.F1. – Summary of BofASE SA's Minimum Capital Requirement



2.2.2. Key Movements in 2021

BofASE SA's Minimum Capital Requirement increased to €2.4B in 2021 from €1.5B in 2020. This was mainly driven by an increase in capital requirements for counterparty credit risk from greater exposure to derivatives, reflecting an increase in client activity throughout the year.

Table 2.2.2.T1. discloses a breakdown of the RWAs and Minimum Capital Requirement of BofASE SA, broken down by risk types and calculation approaches.

Table 2.2.2.T1. – EU OV1 Overview of Risk Weighted Exposure Amounts

		Total risk exposure amounts	Total own funds requirements
		a	c
(€ in Millions)		T	T
1	Credit risk (excluding CCR)	727	58
2	Of which the standardised approach	727	58
3	Of which the Foundation IRB ("F-IRB") approach	—	—
4	Of which slotting approach	—	—
EU 4a	Of which equities under the simple risk-weighted approach	—	—
5	Of which the Advanced IRB ("A-IRB") approach	—	—
6	Counterparty credit risk - CCR	20,311	1,625
7	Of which the standardised approach	12,728	1,018
8	Of which internal model method ("IMM")	—	—
EU 8a	Of which exposures to a CCP	199	16
EU 8b	Of which credit valuation adjustment - CVA	4,166	333
9	Of which other CCR	3,218	257
10	Not applicable		
11	Not applicable		

(€ in Millions)		Total risk exposure amounts	Total own funds requirements
		a	c
		T	T
12	Not applicable		
13	Not applicable		
14	Not applicable		
15	Settlement risk	95	8
16	Securitisation exposures in the non-trading book (after the cap)	—	—
17	Of which SEC-IRBA approach	—	—
18	Of which SEC-ERBA (including Internal Assessment Approach ("IAA"))	—	—
19	Of which SEC-SA approach	—	—
EU 19a	Of which 1250% / deduction	—	—
20	Position, foreign exchange and commodities risks (Market risk)	8,025	642
21	Of which the standardised approach	1,769	142
22	Of which IMA	6,256	500
EU 22a	Large exposures	—	—
23	Operational risk	1,277	102
EU 23a	Of which basic indicator approach ("BIA")	—	—
EU 23b	Of which standardised approach	1,277	102
EU 23c	Of which advanced measurement approach ("AMA")	—	—
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	—	—
25	Not applicable		
26	Not applicable		
27	Not applicable		
28	Not applicable		
29	**Total**	30,434	2,435

2.3. Capital Summary

2.3.1. Capital Position and Capital Ratio

BofASE SA's Capital Resources in excess of its Minimum Capital Requirements at 31 December 2021 was €4.5B (2020: €3.5B).

Table 2.3.1.T1. shows a summary of BofASE SA Capital position, BofASE SA is adequately capitalised with capital resources significantly in excess of the Minimum Capital Requirement.

BofASE SA capital position is monitored and analysed on a daily basis. BofASE SA maintained capital surplus over its Minimum Capital Requirement throughout the period.

An entity’s Tier 1 ratio is the ratio of the Tier 1 Capital to RWAs. BofASE SA's RWAs increased in 2021 reflecting an increase in client activity throughout the year. BofASE SA's Tier 1 ratio was 19.74% at 31 December 2021.

Table 2.3.1.T1. – Capital Surplus over Minimum Capital Requirement and Tier 1 Ratio

	BofASE SA	
(€ in Millions)	2021	2020
Total Capital Resources	6,928	5,037
Total Pillar 1 Minimum Capital Requirement	2,435	1,507
Surplus over Requirement	**4,493**	**3,530**
Tier 1 Capital Resources	6,008	5,037
Risk-Weighted Assets	30,434	18,832
Tier 1 Capital Ratio	**19.74 %**	**26.70 %**

2.4. Capital Management

BofASE SA views capital as an important source of financial strength. BofASE SA manages and monitors capital in line with established policies and procedures and in compliance with local regulatory requirements and considers the changing needs of its businesses. The appropriate level and quality of capital is set to ensure that BofASE SA meets all regulatory capital requirements and to safeguard BofASE SA’s ability to continue as a going concern. 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

BofASE SA also conducts an Internal Capital Adequacy Assessment Process (“ICAAP”) at least annually. The ICAAP is a key tool used to inform the BofASE SA Board of Directors (“BofASE SA Board”) and the executive management on BofASE SA’s risk profile and capital adequacy. The BofASE SA ICAAP:

- Is designed to ensure the risks to which BofASE SA is exposed are appropriately capitalised and risk managed
- Uses stress testing to ensure capital levels are adequate to withstand the impact of a suitably severe stress
- Assesses capital adequacy under normal and stressed operating environments over the capital planning horizon to ensure BofASE SA maintains a capital position in line with pre-stress and post-stress goals

The ICAAP is also aligned to the Recovery Plan that prepares BofASE SA to restore its financial strength and viability during an extreme stress situation, laying out a set of defined actions aimed at protecting the entity, its customers, the market, and prevent a potential resolution event. The Recovery Plan includes a wide range of counter measures that are designed to mitigate different types of stress scenarios that could threaten BofASE SA's capital position. In addition, the recovery plan outlines clear pre-defined governance and processes set up to support timely, efficient, and effective monitoring, escalation, decision making, and implementation of recovery options if a crisis event were to occur.

BofASE SA ICAAP also assesses Pillar 2R at least annually. Pillar 2R is an additional amount of capital that BofASE SA is required to hold in order to cover risks that are not covered (or not entirely covered) by the Minimum Capital Requirement. The ACPR reviews the ICAAP as part of the Supervisory Review and Evaluation Process ("SREP") and sets a TSCR. The TSCR is the sum of the Minimum Capital Requirement (8% of RWAs) and the Pillar 2R capital requirement.

As at 31 December 2021, BofASE SA's TSCR was set at 11.69% of RWAs.

2.5. Leverage Ratio

2.5.1. Summary

The Basel III framework introduced a simple, transparent, non-risk based leverage ratio to act as a supplementary measure to the risk-based capital requirements. The Basel Committee is of the view that a simple leverage ratio framework is critical and complementary to the risk-based capital framework and that a credible leverage ratio ensures broad and adequate capture of both the on and off-balance sheet sources of banks' leverage.

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under CRR rules. The requirement for the calculation and reporting of leverage ratios was introduced as part of CRD IV in 2014 and amended by the European Commission Delegated Act (EU) 2015/62 in 2015.

In June 2019, amendments to the CRR were published in the Official Journal of the EU as Regulation (EU) 2019/876. These amendments, which became effective as of 28 June 2021, include a binding minimum leverage ratio requirement of 3.00%, as well as a number of changes to the calculation of the exposure measure. BofASE SA's leverage ratio is in excess of the minimum requirement at 8.49%.

BofASE SA manages its risk of excessive leverage through leverage ratio early warning trigger levels. Limits are calibrated in line with legal entity capacity and ensure that leverage exposure remains within BofASE SA's risk appetite.

Table 2.5.1.T1. – Leverage Ratio

	BofASE SA	
	2021	2020
Leverage Ratio	**8.49%**	**11.42%**

2.5.2. Key Movements in 2021

BofASE SA's leverage ratio decreased during the year, from 11.42% to 8.49% at the end of 2021. This was due to an increase in the leverage ratio exposure, mainly driven by an increase in securities financing and derivative exposures throughout the year.

BofA SECURITIES

BofA Securities Europe SA

Pillar 3 Disclosure

3. Liquidity Position and Encumbered and Unencumbered Assets

As at 31 December 2021

3.1. Liquidity Position

3.1.1. Regulatory Requirement

BofASE SA is subject to CRD, CRR, and ACPR liquidity requirements through which it must demonstrate self-sufficiency for liquidity purposes.

BofASE SA is subject to the liquidity coverage ratio (“LCR”), which requires BofASE SA to hold a sufficient buffer of eligible high-quality liquid assets (“HQLA”) to cover potential cash outflows during the first 30 days of a liquidity stress event.

BofASE SA is subject to the Net Stable Funding Ratio (“NSFR”) which requires BofASE SA to hold stable sources of funding to support its activities.

3.1.2. Liquidity Position

As at 31 December 2021, BofASE SA was in compliance with its regulatory and internal liquidity requirements.

3.1.3. Funding Profile

BofASE SA does not issue debt to parties external to BAC and is not licensed to take deposits. BofASE SA primarily funds its balance sheet through wholesale secured funding, equity, subordinated debt and intercompany unsecured debt.

These funding sources are used to support BofASE SA's trading and capital market activities and maintain sufficient excess liquidity.

3.2. Encumbered and Unencumbered Assets

An asset shall be treated as encumbered if it has been pledged or if it is subject to any form of arrangement to secure, collateralise, or credit enhance any transaction from which it cannot be freely withdrawn.

Within BofASE SA, encumbered assets primarily comprise on / off-balance sheet assets that are pledged as collateral against secured funding transactions; these include repurchase agreements, stock lending, and collateral swaps. In addition, BofASE SA’s encumbered assets includes collateral posted against derivative contracts and securities covering shorts. Asset encumbrance is an integral part of BofASE SA’s secured funding and collateral management process. Treasury monitors the funding requirement / surplus and models the liquidity impact relating to these activities on an ongoing basis.

This asset encumbrance disclosure, as at 31 December 2021, is prepared in accordance the requirements of Article 443 of CRR. The disclosure is based on accounting information prepared in accordance with French accounting standards, and in line with the regulation, presented as median values calculated across the quarter ends during the year.

BofASE SA conducts a significant portion of its business in EUR and USD.

BofASE SA primarily adopts standard collateral agreements and requires collateralisation at appropriate levels based on industry standard contractual agreements (mostly Credit Support Annexes (“CSAs”) and Global Master Repurchase Agreements (“GMRAs”)).

Table 3.2.T1. outlines the carrying amount and fair value of certain assets of BofASE SA split between those encumbered and unencumbered.

Table 3.2.T1. – EU AE1 Encumbered and Unencumbered Assets[1]

	2021			
(€ in Millions)	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Reporting Institution[2]	**16,859**	*(1)	**57,077**	
Equity Instruments	2,987	2,987	2,388	2,388
Debt Securities	6,353	6,353	503	503
of which: Covered Bonds	—	—	—	—
of which: Asset-Backed Securities (“ABS”)	—	—	—	—
of which: Issued by General Governments	5,976	5,976	473	473
of which: Issued by Financial Corporations	464	464	33	33
of which: Issued by Non-Financial Corporations	27	27	4	4
Other Assets[3]	7,358		54,186	

	2020			
(€ in Millions)	Carrying Amount of Encumbered Assets	Fair Value of Encumbered Assets	Carrying Amount of Unencumbered Assets	Fair Value of Unencumbered Assets
Assets of the Reporting Institution[2]	**12,859**		**49,845**	
Equity Instruments	1,584	1,584	308	308
Debt Securities	5,926	5,926	1,102	1,102
of which: Covered Bonds	22	22	6	6
of which: Asset-Backed Securities	—	—	—	—
of which: Issued by General Governments	5,546	5,546	960	960
of which: Issued by Financial Corporations	343	343	140	140
of which: Issued by Non-Financial Corporations	1	1	1	1
Other Assets[3]	5,070		48,451	

(1) Greyed out cell format stems from Regulatory Technical Standard EC (EU) 2017/2295 Regulation asset encumbrance template, indicating not applicable disclosures. As a result of BofASE SA’s broker-dealer activity, fair value equals carrying value for securities.

(2) Figures represent median values calculated as the median of the end-of-period values for each of the four quarters in the year. Totals in the tables are calculated as the median of the sums for each quarter end and as such will not be equal to the sum of the individual line items in each table.

(3) The majority of unencumbered Other Assets relate to derivative assets not available for encumbrance.

Table 3.2.T2. provides details on both the fair value of encumbered collateral received and collateral received that is available for encumbrance.

Table 3.2.T2. – EU AE2 Collateral Received and Own Debt Securities Issued

	2021		2020	
(€ in Millions)	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance	Fair Value of Encumbered Collateral Received or Own Debt Securities Issued	Fair Value of Collateral Received or Own Debt Securities Issued Available for Encumbrance
Collateral Received by the Reporting Institution[1]	**36,353**	**9,646**	**19,917**	**7,049**
Loans on Demand	—	—	—	—
Equity Instruments	3,937	718	3,201	447
Debt Securities	32,610	3,661	15,882	2,262
of which: Covered Bonds	2	—	59	—
of which: Asset-Backed Securities	300	1,517	302	1,461
of which: Issued by General Governments	29,978	1,611	13,912	577
of which: Issued by Financial Corporations	1,581	8	1,170	22
of which: Issued by Non-Financial Corporations	731	5	379	11
Loans and Advances Other Than Loans on Demand	—	5,138	—	3,930
Other Collateral received	—	—	—	—
Own Debt Securities Issued Other than Own Covered Bonds or Asset-Backed Securities	—	—	—	—
Own Covered Bonds and Asset-Backed Securities Issued and Not Yet Pledged		—		—
Total Assets, Collateral Received and Own Debt Securities Issued	**53,800**		**32,876**	

[1] Figures represent median values calculated as the median of the end-of-period values for each of the four quarters in the year. Totals in the tables are calculated as the median of the sums for each quarter end and as such will not be equal to the sum of the individual line items.

Table 3.2.T3. outlines the value of liabilities against which assets have been encumbered and the respective asset values.

Table 3.2.T3. – EU AE3 Sources of Encumbrance

	2021		2020	
(€ in Millions)	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered	Matching Liabilities, Contingent Liabilities or Securities Lent	Assets, Collateral Received and Own Debt Securities Issued other than Covered Bonds and ABSs Encumbered
Carrying Amount of Selected Financial Liabilities	**33,012**	**35,170**	**18,534**	**20,092**

3.3. LCR Disclosures

3.3.1. LCR Disclosure Requirements

This LCR disclosure, as at 31 December 2021, is prepared in accordance with the requirements of Article 451a of CRR. The objective of the LCR disclosure requirements is to provide market participants with information to assess in scope EU firm’s liquidity positions and risk management.

3.3.2. LCR Disclosure Template

Table 3.3.2.T1. below discloses average weighted and unweighted values of the liquidity buffer, total net cash outflows, the LCR ratio, and provides details of cash outflows and cash inflows of BofASE SA.

Table 3.3.2.T1. - EU LIQ1 LCR Disclosure[1]

(€ in Millions)		Total Unweighted Value				Total Weighted Value			
Quarter ending on		**31 Mar 21**	**30 Jun 21**	**30 Sep 21**	**31 Dec 21**	**31 Mar 21**	**30 Jun 21**	**30 Sep 21**	**31 Dec 21**
Number of data points used in the calculation of averages		**12**	**12**	**12**	**12**	**12**	**12**	**12**	**12**
HIGH-QUALITY LIQUID ASSETS									
1	Total high-quality liquid assets					4,574	4,475	4,708	5,345
CASH - OUTFLOWS									
2	Retail deposits and deposits from small business customers, of which:	—	—	—	—	—	—	—	—
3	Stable deposits	—	—	—	—	—	—	—	—
4	Less stable deposits	—	—	—	—	—	—	—	—
5	Unsecured wholesale funding	118	107	115	116	118	107	115	116
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	—	—	—	—	—	—	—	—
7	Non-operational deposits (all counterparties)	118	107	115	116	118	107	115	116
8	Unsecured debt	—	—	—	—	—	—	—	—
9	Secured wholesale funding					1,991	1,684	1,652	1,678
10	Additional requirements	2,210	2,131	2,101	2,465	2,056	2,009	2,012	2,299
11	Outflows related to derivative exposures and other collateral requirements	2,210	2,131	2,101	2,373	2,056	2,009	2,012	2,290
12	Outflows related to loss of funding on debt products	—	—	—	—	—	—	—	—
13	Credit and liquidity facilities	—	—	—	92	—	—	—	9
14	Other contractual funding obligations	8,300	9,322	9,552	10,343	685	627	629	792
15	Other contingent funding obligations	309	180	114	119	225	94	25	27
16	**TOTAL CASH OUTFLOWS**					**5,074**	**4,520**	**4,433**	**4,912**
CASH - INFLOWS									
17	Secured lending (e.g., reverse repos)	15,048	16,404	17,722	25,453	1,352	986	953	963
18	Inflows from fully performing exposures	204	198	223	234	132	122	137	141
19	Other cash inflows	832	815	835	1,007	832	815	835	1,007
EU-19a	(Difference between total weighted inflows and total weighted outflows arising from transactions in third countries where there are transfer restrictions or which are denominated in non-convertible currencies)					—	—	—	—
EU-19b	(Excess inflows from a related specialised credit institution)					—	—	—	—
20	**TOTAL CASH INFLOWS**	**16,085**	**17,417**	**18,779**	**26,694**	**2,315**	**1,923**	**1,925**	**2,111**
EU-20a	Fully exempt inflows	—	—	—	—	—	—	—	—
EU-20b	Inflows subject to 90% cap	—	—	—	—	—	—	—	—
EU-20c	Inflows subject to 75% cap	15,704	17,208	18,499	26,012	2,315	1,923	1,925	2,111
TOTAL ADJUSTED VALUE									
21	**LIQUIDITY BUFFER**					**4,574**	**4,475**	**4,708**	**5,345**
22	**TOTAL NET CASH OUTFLOWS**					**2,759**	**2,596**	**2,508**	**2,802**
23	**LIQUIDITY COVERAGE RATIO**					**168.75 %**	**174.69 %**	**188.73 %**	**193.07 %**

[1] The disclosed values and figures are simple averages of the preceding 12 LCR monthly reporting observations for each quarter.

3.3.3. Main Drivers of the LCR

The main drivers of the LCR include changes in total HQLA, as well as changes in net cash outflows related to collateralised derivatives and secured funding.

Changes in the LCR are primarily driven by changes in the mix of collateral type and maturity of secured funding and derivatives collateral changes driven by mark to market movements and margining requirements on derivatives contracts.

For the year ending 31 December 2021 the 12 month average LCR was 193%.

3.3.4. Concentration of Funding and Liquidity Sources

BofASE SA primarily funds its balance sheet through intercompany term funding, line of business secured funding, and equity. The liquidity buffer is composed primarily of cash on deposit at Central Banks as well as high-quality liquid asset securities purchased or held through reverse repo transactions.

3.3.5. Derivative Exposures and Potential Collateral Calls

BofASE SA engages in derivative transactions. Liquidity risk from derivatives activity can arise from asymmetry in margin collateral posted to and received from counterparties and affiliates, and margin collateral changes related to market movements and counterparty behaviour.

3.3.6. Currency Mismatch in the LCR

BofASE SA's separately reportable currency exposures as defined in Article 415(2) of CRR are EUR and USD. BofASE SA monitors outflows in these currencies and ensures sufficient liquidity resources are available to mitigate currency mismatches as required in Article 8(6) of Commission Delegated Regulation (EU) 2015/61 to supplement CRR.

3.3.7. Other Items in the LCR

There are no other items in the LCR calculation, that are not captured in this disclosure, considered relevant for the liquidity profile of BofASE SA.

3.4. NSFR Disclosures

3.4.1. NSFR Disclosure Requirements

This NSFR disclosure is prepared in accordance with the requirements of Article 451a of CRR. The NSFR reporting obligation as per Articles 427 and 428 of CRR came into effect from 28 June 2021. As such, the disclosure below includes data from the quarter ended 30 June 2021 onwards.

3.4.2. NSFR Disclosure Templates

Table 3.4.T1 below discloses quarter-end weighted and unweighted values of assets, liabilities and off balance sheet items that make up the NSFR of BofASE SA.

Table 3.4.T1. – EU LIQ2 NSFR

		Quarter Ended 31 December 2021				
		a	b	c	d	e
		Unweighted Value by Residual Maturity				Weighted Value
	(€ in Millions)	No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available Stable Funding ("ASF") Items						
1	Capital Items and Instruments	6,140	—	—	920	7,060
2	*Own Funds*	6,140	—	—	920	7,060
3	*Other Capital Instruments*		—	—	—	—
4	Retail Deposits		—	—	—	—
5	*Stable Deposits*		—	—	—	—
6	*Less Stable Deposits*		—	—	—	—
7	Wholesale Funding		12,013	211	5,222	5,728
8	*Operational Deposits*		—	—	—	—
9	*Other Wholesale Funding*		12,013	211	5,222	5,728
10	Interdependent Liabilities		—	—	—	—
11	Other Liabilities		14,929	—	—	—
12	*NSFR Derivative Liabilities*					
13	*All Other Liabilities and Capital Instruments Not Including in the Above Categories*		14,929	—	—	—
14	**Total Available Stable Funding**					**12,788**
Required Stable Funding ("RSF") Items						
15	Total High-Quality Liquid Assets					568
EU-15a	Assets Encumbered for a Residual Maturity of One Year or More in a Cover Pool		—	—	—	—
16	Deposits Held at other Financial Institutions for Operational Purposes		426	—	—	213
17	Performing Loans and Securities		16,793	72	5,882	6,031
18	*Performing Securities Financing Transactions with Financial Customers Collateralised by Level 1 HQLA Subject to 0% Haircut*		7,836	61	200	233
19	*Performing Securities Financing Transactions with Financial Customer Collateralised by Other Assets and Loans and Advances to Financial Institutions*		8,818	—	1,355	2,043
20	*Performing Loans to Non-Financial Corporate Clients, Loans to Retail and Small Business Customers, and Loans to Sovereigns, and PSEs, of which*		110	—	—	55
21	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
22	*Performing Residential Mortgages, of which*		—	—	—	—
23	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
24	*Other Loans and Securities that are Not in Default and Do Not Quality as HQLA, Including Exchange-Traded Equities and Trade Finance On-Balance Sheet Products*		30	12	4,327	3,701
25	Interdependent Assets		—	—	—	—
26	Other Assets		13,041	—	2,065	3,390
27	*Physical Traded Commodities*				—	—
28	*Assets Posted as Initial Margin ("IM") for Derivative Contracts and Contributions to Default Funds of CCPs*		777	—	1,729	2,130
29	*NSFR Derivative Assets*		474			474
30	*NSFR Derivative Liabilities Before Deduction of Variation Margin ("VM") Posted*		8,998			450
31	*All Other Assets Not Included in the Above Categories*		2,793	—	335	335
32	Off-Balance Sheet Items		1,168	—	—	58
33	**Total RSF**					**10,261**
34	**Net Stable Funding Ratio (%)**					**124.63 %**

(€ in Millions)		Quarter Ended 30 September 2021				
		a	b	c	d	e
		Unweighted Value by Residual Maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available Stable Funding Items						
1	Capital Items and Instruments	6,126	—	—	—	6,126
2	*Own Funds*	6,126	—	—	—	6,126
3	*Other Capital Instruments*		—	—	—	—
4	Retail Deposits		—	—	—	—
5	*Stable Deposits*		—	—	—	—
6	*Less Stable Deposits*		—	—	—	—
7	Wholesale Funding		17,663	62	6,546	7,227
8	*Operational Deposits*		—	—	—	—
9	*Other Wholesale Funding*		17,663	62	6,546	7,227
10	Interdependent Liabilities		—	—	—	—
11	Other Liabilities		23,576	—	—	—
12	*NSFR Derivative Liabilities*					
13	*All Other Liabilities and Capital Instruments Not Including in the Above Categories*		23,576	—	—	—
14	**Total Available Stable Funding**					**13,353**
Required Stable Funding Items						
15	Total High-Quality Liquid Assets					463
EU-15a	Assets Encumbered for a Residual Maturity of One Year or More in a Cover Pool		—	—	—	—
16	Deposits Held at other Financial Institutions for Operational Purposes		349	—	—	174
17	Performing Loans and Securities		23,578	9	6,353	6,546
18	*Performing Securities Financing Transactions with Financial Customers Collateralised by Level 1 HQLA Subject to 0% Haircut*		12,401	—	200	200
19	*Performing Securities Financing Transactions with Financial Customer Collateralised by Other Assets and Loans and Advances to Financial Institutions*		10,759	—	200	1,061
20	*Performing Loans to Non-Financial Corporate Clients, Loans to Retail and Small Business Customers, and Loans to Sovereigns, and PSEs, of which*		385	—	—	192
21	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
22	*Performing Residential Mortgages, of which*		—	—	—	—
23	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
24	*Other Loans and Securities that are Not in Default and Do Not Quality as HQLA, Including Exchange-Traded Equities and Trade Finance On-Balance Sheet Products*		33	9	5,953	5,093
25	Interdependent Assets		—	—	—	—
26	Other Assets		20,969	—	1,942	3,726
27	*Physical Traded Commodities*				—	—
28	*Assets Posted as Initial Margin for Derivative Contracts and Contributions to Default Funds of CCPs*		1,017	—	1,680	2,292
29	*NSFR Derivative Assets*		728			728
30	*NSFR Derivative Liabilities Before Deduction of Variation Margin Posted*		8,866			443
31	*All Other Assets Not Included in the Above Categories*		10,358	—	262	262
32	Off-Balance Sheet Items		69	—	—	3
33	**Total RSF**					**10,913**
34	**Net Stable Funding Ratio (%)**					**122.36 %**

(€ in Millions)		Quarter Ended 30 June 2021				
		a	b	c	d	e
		Unweighted Value by Residual Maturity				Weighted Value
		No Maturity	< 6 months	6 months to < 1 year	≥ 1 year	
Available Stable Funding Items						
1	Capital Items and Instruments	6,139	—	—	—	6,139
2	*Own Funds*	6,139	—	—	—	6,139
3	*Other Capital Instruments*		—	—	—	—
4	Retail Deposits		—	—	—	—
5	*Stable Deposits*		—	—	—	—
6	*Less Stable Deposits*		—	—	—	—
7	Wholesale Funding		14,580	61	4,393	5,173
8	*Operational Deposits*		—	—	—	—
9	*Other Wholesale Funding*		14,580	61	4,393	5,173
10	Interdependent Liabilities		—	—	—	—
11	Other Liabilities		22,308	—	—	—
12	*NSFR Derivative Liabilities*					
13	*All Other Liabilities and Capital Instruments Not Including in the Above Categories*		22,308	—	—	—
14	**Total Available Stable Funding**					**11,312**
Required Stable Funding Items						
15	Total High-Quality Liquid Assets					762
EU-15a	Assets Encumbered for a Residual Maturity of One Year or More in a Cover Pool		—	—	—	—
16	Deposits Held at other Financial Institutions for Operational Purposes		187	—	—	94
17	Performing Loans and Securities		24,276	25	5,480	5,617
18	*Performing Securities Financing Transactions with Financial Customers Collateralised by Level 1 HQLA Subject to 0% Haircut*		14,045	—	200	203
19	*Performing Securities Financing Transactions with Financial Customer Collateralised by Other Assets and Loans and Advances to Financial Institutions*		9,999	—	200	948
20	*Performing Loans to Non-Financial Corporate Clients, Loans to Retail and Small Business Customers, and Loans to Sovereigns, and PSEs, of which*		207	—	—	103
21	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
22	*Performing Residential Mortgages, of which*		—	—	—	—
23	*With a Risk Weight of Less Than or Equal To 35% Under the Basel II Standardised Approach for Credit Risk*		—	—	—	—
24	*Other Loans and Securities that are Not in Default and Do Not Quality as HQLA, Including Exchange-Traded Equities and Trade Finance On-Balance Sheet Products*		26	25	5,080	4,363
25	Interdependent Assets		—	—	—	—
26	Other Assets		17,522	—	1,759	2,990
27	*Physical Traded Commodities*				—	—
28	*Assets Posted as Initial Margin for Derivative Contracts and Contributions to Default Funds of CCPs*		1,084	—	1,537	2,228
29	*NSFR Derivative Assets*		109			109
30	*NSFR Derivative Liabilities Before Deduction of Variation Margin Posted*		8,606			430
31	*All Other Assets Not Included in the Above Categories*		7,723	—	223	223
32	Off-Balance Sheet Items		67	—	—	3
33	**Total RSF**					**9,466**
34	**Net Stable Funding Ratio (%)**					**119.50 %**

3.4.3. Drivers and Composition of the NSFR

NSFR Required Stale Funding is driven by non-HQLA securities, loans and derivatives (primarily IM posted).

NSFR Available Stable Funding consists primarily of capital items / instruments and intercompany.
BofASE SA funding strategy has remained consistent throughout reporting horizon.

BofA Securities Europe SA

Pillar 3 Disclosure

4. Risk Management, Objectives, and Policy

As at 31 December 2021

4.1. BAC Risk Framework

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 BofASE SA). BAC adopted the 2022 Risk Framework in December 2021. The key enhancements from the 2021 Risk Framework include the addition of an overview of operational resilience as well as detail on how BAC manages technology risk, information security risk, and data risk.

BofASE SA is integrated into and adheres to the global management structure including risk management and oversight, as adapted to reflect local business, legal, and regulatory requirements. The BofASE SA Board adopted the BAC 2022 Risk Framework in March 2022.

The following section lays out the risk management approach and key risk types for BofASE SA.

4.2. Risk Management Approach

Risk is inherent in all business activities. Managing risk well is the responsibility of every employee. Sound risk management enables BofASE SA to serve the customers and deliver for the shareholders. If not managed well, risks can result in financial loss, regulatory sanctions and penalties, and damage to BofASE SA's reputation, each of which may adversely impact BofASE SA and its ability to execute its business strategy. Managing risk well is fundamental to delivering on BAC's responsible growth approach to business.

The Risk Framework applies to all employees and explains BofASE SA’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 BofASE SA. The Risk Framework sets forth roles and responsibilities for the management of risk by front line units (“FLUs”), Global Risk Management (“GRM”), other control functions, and Corporate Audit.

The following are the five components of BofASE SA’s risk management approach:

- Culture of managing risk well
- Risk appetite and risk limits
- Risk management processes
- Risk data management, aggregation, and reporting
- Risk governance

Focusing on these five components allows effective management of risks across the seven key risk types faced by BofASE SA's businesses, namely: strategic, credit, market, liquidity, operational, compliance, and reputational risks.

4.2.1. Culture of Managing Risk Well

A culture of managing risk well is fundamental to BofASE SA’s core values and its purpose, and how it drives responsible growth. A culture of managing risk well requires a focus on risk in all activities and encourages the necessary mind-set and behaviour to enable effective risk management and promote sound risk-taking within BofASE SA’s risk appetite. Sustaining a culture of managing risk well throughout the organisation is critical to the success of BofASE SA and is a clear expectation of BofASE SA’s Executive Management Team and BofASE SA Board.

The following principles form the foundation of BofASE SA’s culture of managing risk well:

1. Managing risk well protects BofASE SA and its reputation and enables BofASE SA to deliver on its purpose and strategy

2. BofASE SA treats customers fairly and acts with integrity to support the long-term interests of its employees and customers. BofASE SA understands that improper conduct, behaviour, or practices by BofASE SA, its employees, or representatives could harm BofASE SA, the customers, or damage the integrity of the financial markets

3. As BofASE SA helps its customers improve their financial lives, it must always conduct itself with honesty, integrity, and fairness

4. All employees are responsible for proactively managing risk as part of their day-to-day activities through prompt identification, escalation, and debate of risks

5. While BofASE SA employs models and methods to assess risk and better inform BofASE SA's decisions, proactive debate and a thorough challenge process lead to the best outcomes

6. Lines of business ("LOBs") and other FLUs are first and foremost responsible for managing all aspects of their businesses, including all types of risk

7. GRM provides independent oversight and effective challenge, while Corporate Audit provides independent assessment and validation

8. BofASE SA strives to be best-in-class by continually working to improve risk management practices and capabilities

4.2.2. Risk Statement and Risk Appetite

Risk Statement

Below is the concise risk statement, approved by the BofASE SA Board, which succinctly describes BofASE SA's overall risk profile associated with the business strategy.

BofASE SA's primary business lines include Equity Sales and Trading, Fixed-Income, Currencies and Commodities ("FICC") Sales and Trading, and Capital Markets.

As at 31 December 2021, BofASE SA has regulatory Capital Resources of €6.93B, consisting of CET1 capital of €6.04B and an additional €0.92B of Tier 2 Capital. BofASE SA has a Tier 1 capital ratio of 19.74%. As at 31 December 2021, BofASE SA's leverage ratio is 8.49%.

BofASE SA's largest credit risk exposures based on regulatory credit risk exposure classes are Central Governments or Central Banks representing 73% of the total exposure, and Institutions and Corporates which represent 25% of the exposure. The majority of BofASE SA's exposure sits within the EMEA region. The majority of the residual maturity based on credit risk exposures value is below one year. 29% of exposures in BofASE SA were rated by ECAIs. Credit risk is assessed as outlined in Section 4.3. Key Risk Types.

BofASE SA enters into transactions with affiliated companies within BAC, primarily as a result of its own risk management purposes and receives intercompany loans for general liquidity management purposes. At 31 December 2021, BofASE SA had 33% of balances with affiliated companies (19% with Merrill Lynch International ("MLI")).

BofASE SA's market risk capital requirement is principally driven by BofASE SA's internal model based capital requirement and a standard rules charge on traded debt instruments. BofASE SA's capital requirements for market risk under standard approach is driven by interest rate risk, equity, collective investment undertakings, and foreign exchange ("FX"). VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. Average VaR for BofASE SA during 2021 was €17M.

BofASE SA maintains excess liquidity in order to meet day-to-day funding requirements, withstand a range of liquidity shocks, safeguard against potential stress events, and meet internal and regulatory requirements.

The BofASE SA Risk Appetite Statement (“RAS”) indicates the amount of capital, earnings, or liquidity BofASE SA is willing to put at risk to achieve its strategic objectives and business plans, consistent with applicable regulatory requirements. Further detail on this is provided in below section.

Risk Appetite

The BofASE SA RAS ensures that BofASE SA maintains an acceptable risk profile that is in alignment with its strategic and capital plans. The BofASE SA RAS is designed with the objective of ensuring that it is comprehensive for all key risks, relevant to the BofASE SA business and aligned with the risk management practices of BAC. The BofASE SA RAS is reviewed and approved by the BofASE SA Board at least annually.

BofASE SA’s risk appetite is designed to be consistent with the aggregate risk appetite at the BAC level and is based on several principles:

- **Overall risk capacity**: BofASE SA’s overall capacity to take risk is limited; therefore, BofASE SA prioritises the risks it takes. Risk capacity informs risk appetite, which is the level and types of risk BofASE SA is willing to take to achieve its business objectives
- **Financial strength to absorb adverse outcomes**: BofASE SA must maintain a strong and flexible financial position so it can weather challenging economic times and take advantage of organic growth opportunities. Therefore, objectives and targets are set for capital and liquidity that permit BofASE SA to continue to operate in a safe and sound manner at all times, including during periods of stress
- **Risk-reward evaluation**: Risks taken must fit BofASE SA’s risk appetite and offer acceptable risk-adjusted returns for shareholders
- **Acceptable risks**: BofASE SA considers all types of risk including those that are difficult to quantify. Qualitative guidance within the BofASE SA RAS describes the approach to managing such risks throughout BofASE SA in a manner consistent with its culture. For example, actions considered in a line of business that may unduly threaten BofASE SA’s reputation should be escalated and restricted appropriately
- **Skills and capabilities**: BofASE SA seeks to assume only those risks it has the skills and capabilities to Identify, Measure, Monitor, and Control (“IMMC”)

Risk appetite is aligned with BofASE SA’s strategic, capital, and financial operating plans to ensure consistency with its strategy and financial resources. Line of business strategies and risk appetite are also aligned. Ongoing reporting shows performance against the Strategic Plan, as well as risk appetite breaches for each of the lines of business, as appropriate. Risk appetite is also considered within the Recovery Plan, New Product Review and Approval - Enterprise Policy and processes, and within decisions around the business model and strategic plan. Managing risk well and embracing the Risk Framework are considered as part of compensation and performance management decisions.

The quantitative and qualitative elements of BofASE SA’s RAS provide clear, actionable information for taking and managing risk. Training and communication reinforce the importance of aligning risk-taking decisions to applicable aspects of the RAS.

Risk Appetite Metrics

BofASE SA’s RAS quantitative framework consists of BofASE SA Board and BofASE SA Management Risk Committee (“BofASE SA MRC”) approved metrics which are designed to manage the amount of risk BofASE SA is willing to take to meet its strategic objectives. The calibration of the metrics reflect the level of BofASE SA’s financial resources and risk profile.

Risk appetite metrics are expressed on an in-year and forward-looking basis, as appropriate, under expected and stressed macroeconomic conditions. In addition, risk appetite metrics and limits related to material concentrations are maintained to ensure appropriate visibility into risks that may manifest themselves across lines of business or risk types as part of ongoing efforts to ensure concentrations are effectively identified, measured, monitored, and controlled.

The BofASE SA RAS provides qualitative statements for all seven risk types defined in the Risk Framework. In addition, there is a suite of quantitative metrics for the following risk types:

- **Strategic Risk**: Metrics relating to capital and leverage and are provided in addition to stress loss limits
- **Credit Risk**: Forward-looking baseline metrics, in addition to concentration limits aligned to credit quality using internal risk rating, geography, and industry
- **Market Risk**: Metrics relating to trading VaR, stress loss, and Interest Rate Risk in the Banking Book (“IRRBB”) from an economic value and earnings approach
- **Liquidity Risk**: Metrics relating to key liquidity coverage ratios
- **Compliance and Operational Risk**: Metrics for Non-Litigation Operational Losses, Residual Risk Level & Direction, Past Due Issues, Performance of Outsourced Services, Material Information Security Events (Global), Business & Technical Tests Successful - Top Tier, Availability of Critical Systems, High Residual Risk Model Use Breaches, and Financial Crimes.

<u>Risk Appetite Monitoring, Reporting, and Escalation</u>

Robust monitoring and reporting processes for BofASE SA Board-owned and BofASE SA MRC-owned limits are in place, with breaches resulting in appropriate notification and escalation based on the severity of the breach. Breach resolution plans include a written description of the root causes and how a breach will be resolved, as appropriate.

The performance against the BofASE SA risk appetite is reviewed on a regular basis by the BofASE SA MRC and on a quarterly basis by the BofASE SA Board Risk Committee (“BofASE SA BRC”). Limits and tripwires are monitored by FLUs and risk management on a more frequent basis. Performance is also communicated to the BofASE SA Board on a quarterly basis. BofASE SA Management, BofASE SA MRC, BofASE SA BRC and the BofASE SA Board take action as necessary to proactively and effectively manage risk.

The BofASE SA Chief Risk Officer (“CRO”) is the executive sponsor of the BofASE SA Risk Appetite Statement and oversees the risk appetite exception management process in order to ensure that excesses are properly escalated, effectively managed, and that any required remediation actions are governed and implemented appropriately. This process outlines the escalation and management of exposures that are in excess of the tripwire or limit levels. When exposures breach tripwire and limit levels, they are escalated as appropriate to management bodies including BofASE SA MRC, BofASE SA BRC, and the BofASE SA Board.

BofASE SA is committed to communicating a clear, consistent position on risk taking to internal and external stakeholders, as appropriate.

4.2.3. Risk Management Processes

The Risk Framework requires that strong risk management practices are integrated in key strategic, capital, and financial planning processes, and day-to-day business processes across BofASE SA, thereby ensuring risks are appropriately considered, evaluated, and responded to in a timely manner.

BofASE SA's approach to risk management processes:

- All employees are responsible for proactively managing risk
- Risk considerations are part of all daily activities and decision making

- BofASE SA encourages a thorough challenge process and maintains processes to identify, escalate, and debate risks
- BofASE SA utilises timely and effective escalation mechanisms for risk limit breaches

The FLUs have primary responsibility for managing risks inherent in their businesses. BofASE SA employs an effective risk management process, referred to as IMMC as part of its daily activities.

4.2.4. Risk Data Management, Aggregation and Reporting

Effective risk data management, aggregation, and reporting is critical to provide a clear understanding of current and emerging risks and enables BofASE SA to proactively and effectively manage risk.

Risk Data Management, Aggregation, and Reporting Principles:

- Complete, accurate, reliable, and timely data
- Clear and uniform language to articulate risks consistently across BofASE SA
- Robust risk quantification methods and clear approaches to aggregate exposures for risk measures
- Timely, accurate, and comprehensive view of all material risks, including appropriate levels of disaggregation

Functional risk managers arrange risk reporting to address the requirements of BofASE SA management bodies as appropriate.

4.2.5. Risk Governance

BAC's risk governance principles serve as the cornerstone of the risk governance framework. The Code of Conduct, Risk Framework, BofASE SA RAS, and strategic plans are overarching documents that firmly embed BofASE SA's culture of managing risk well in everything it does. The Code of Conduct provides basic guidelines for business practices and professional and personal conduct that all employees are expected to follow. The Risk Framework articulates how BofASE SA defines and manages risk. The BofASE SA RAS clearly indicates the risks BofASE SA is willing to accept. The strategic plans, for both BAC and BofASE SA, document strategies for the next three-year period.

Three Lines of Defence

BofASE SA has clear ownership and accountability for managing risk across three lines of defence: FLUs, Global Risk Management, and Corporate Audit. BofASE SA also has control functions outside of FLUs and Global Risk Management (e.g., Legal and Global Human Resources), that provide guidance and subject matter expertise in support of managing risks facing BofASE SA.

FLUs	Own and proactively manage all risks in business activities
Global Risk Management	Oversee risk-taking activities within the FLUs and across the BAC Group, and provide independent assessment of effective challenge of risks
Corporate Audit	Provide independent validation through testing of key processes and controls

Corporate Audit

Corporate Audit supports BofASE SA's risk governance framework by assessing whether controlling processes and controls over strategic, credit, market, liquidity, operational, compliance, and reputational risks are adequately designed and functioning effectively. This is carried out by conducting independent assessments and validation through testing of key processes and controls.

Corporate Audit resources are used to execute work across all EMEA locations. Team deployments are assessed based on the scale, complexity, and nature of the business and control functions in each location. Corporate Audit prepares an annual audit plan with consideration to external and internal risk factors, risk assessment of a business, and legislative and regulatory requirements. The annual planning process directs timely and flexible testing of BofASE SA's key risks and risk management processes (inclusive of risk appetite).

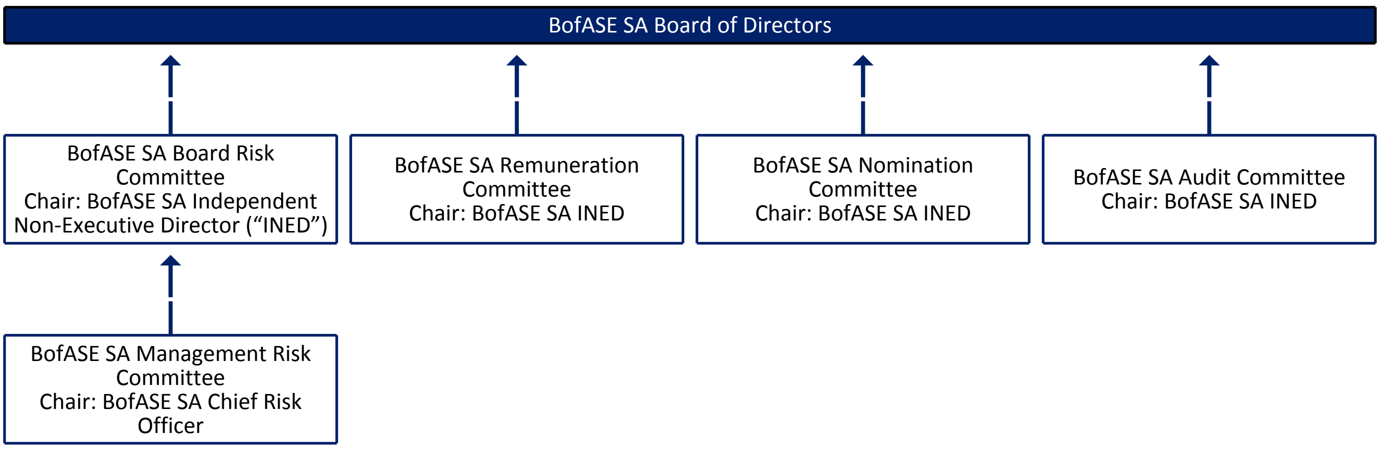
Corporate Audit is not responsible for setting or approving limits for risks which BofASE SA is exposed to. However, Corporate Audit conducts reviews, as appropriate, of the controls and monitoring of such limits.

Corporate Audit maintains independence from the BofASE SA's lines of business and governance and control functions by reporting directly to the BofASE SA Audit Committee of the BofASE SA Board.

Risk Governance Structure

The BofASE SA Board ensures suitable risk management and controls through the BofASE SA BRC, BofASE SA Audit Committee, BofASE SA Remuneration Committee ("BofASE SA REMCO"), BofASE SA Nomination Committee ("BofASE SA NOMCO") and the BofASE SA MRC. The BofASE SA MRC conducts periodic reviews of risk reporting and remediation plans; escalates reporting to the BofASE SA BRC, the BofASE SA Board, or other committees, as appropriate; and reviews risk management strategies to ensure their continuing effectiveness.

Figure 4.2.5.F1. – BofASE SA Risk Governance Structure



The BofASE SA BRC assists the BofASE SA Board in fulfilling its oversight responsibility relating to senior management's responsibilities regarding the identification of, management of, and planning for, the following key risks of BofASE SA: strategic risk, market risk, credit risk, liquidity risk, operational risk, compliance risk, and reputational risk. The BofASE SA BRC met six times during 2021.

The BofASE SA Board fulfils its oversight responsibilities relating to BofASE SA's internal financial controls, prepares the annual report and financial statements, and maintains relationship with its external auditor.

The BofASE SA MRC reports to the BofASE SA BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BofASE SA BRC, the BofASE SA Board, or other committees, as appropriate) strategic risk, market risk, credit risk, liquidity risk, operational risk (including Legal and Information Technology ("IT") risks), compliance risk, reputational risk, balance sheet, capital, liquidity management and stress testing activities. In particular, the BofASE SA MRC reviews and recommends BofASE SA's Risk Appetite Statement and Risk Governance Framework to the BofASE SA BRC prior to their presentation to the BofASE SA Board for approval. The BofASE SA MRC met 10 times during 2021.

The BofASE SA Audit Committee assists the BofASE SA Board in fulfilling its oversight responsibility relating to (i) the preparation and integrity of BofASE SA's Financial Statements, the Directors' Compliance Statement and oversight of related disclosure matters; (ii) qualifications, independence and performance of, and BofASE SA's relationship with, the external auditors and reviewing the scope and engagement terms of the external auditors; and (iii) the performance BofASE SA's Corporate Audit function.

The BofASE SA REMCO and the BofASE SA NOMCO of the BofASE SA Board assist the BofASE SA Board in fulfilling its oversight of the development of, and implementation of BofASE SA's remuneration policies and practices and nominates for the BofASE SA Board's approval, candidates to fill BofASE SA Board vacancies. The BofASE SA REMCO met six times during 2021 and the BofASE SA NOMCO met four times during 2021.

BofASE SA Director Selection and Diversity Policy

The BofASE SA NOMCO assists the BofASE SA Board in fulfilling its oversight relating to the governance of the BofASE SA Board of Directors relating to nominations to the BofASE SA Board, reviewing and reporting to the BofASE SA Board on matters of corporate governance principles applicable to BofASE SA, reviewing and reporting to the BofASE SA Board on senior management talent planning and succession, and leading the BofASE SA Board and its committees in their assessments of their performance.

Before any appointment is made by the BofASE SA Board, the BofASE SA NOMCO is responsible for evaluating the balance of skills, knowledge, experience, and diversity on the BofASE SA Board, and, in light of this evaluation, preparing a description of the role and capabilities required for a particular appointment. Pursuant to the terms of the charter, the BofASE SA NOMCO shall consider the overall knowledge, skills, experience, and expertise represented on the BofASE SA 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 BofASE SA NOMCO shall consider candidates from a wide range of backgrounds and consider candidates on merit and against objective criteria and with due regard for the benefits of diversity on the BofASE SA Board, including, but not limited to gender.

In addition, pursuant to the terms of its charter, the BofASE SA NOMCO is responsible for deciding on a target for the representation of the underrepresented gender on the BofASE SA Board and how to meet it (as required).

General

All appointments to the BofASE SA Board are made in compliance with BAC's Global Background Check - Enterprise Policy and are subject to successful completion of the following background checks: identification, credit, criminal, global sanctions, media, directorship, employment, and education checks, as required. In addition, directors and board and committee chairs appointed to the BofASE SA Board require regulatory approval in line with ACPR's requirements under the Appointment of Members of a Supervisory Body Regime.

BofASE SA Board member experience is detailed within individual director biographies in Appendix 1 - Directors Board Membership and Experience.

The independent risk management functions led by the BofASE SA CRO have operational responsibility for risk management of BofASE SA and ensuring appropriate reporting and escalation to the BofASE SA Board.

4.2.6. Risk Declaration

The BofASE SA Board, supported by the BofASE SA BRC, confirms that the risk management arrangements outlined are adequate to facilitate the management of risk in the context of BofASE SA's profile and strategy.

4.3. Key Risk Types

The Risk Management processes outlined above allow BofASE SA to manage risks across the seven key risk types; strategic, credit, market, liquidity, operational, compliance, and reputational. Further details on how risk is managed within BofASE SA are given below.

4.3.1. Strategic Risk

Definition

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

Strategic Risk Management

Strategic risk is managed through the assessment of effective delivery of strategy. Strategic risk is monitored continuously by the Executive Management Team through a number of existing processes ranging from monitoring of financial and operating performance, through to the management of the Recovery Plan and also with the regular assessment of earnings and risk profile throughout the year. The Executive Management Team provides the BofASE SA 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.

Strategy execution and risk management involves a formal planning and approval process. The BofASE SA Strategic Plan is set within the context of overall risk appetite and the strategic planning process includes an evaluation of the internal and external environment and its strengths, weaknesses, opportunities, and threats.

Strategic Risk Governance

The BofASE SA Strategic Plan is reviewed and signed-off by the BofASE SA Board. Strategic decisions relating to BofASE SA are presented and discussed at the BofASE SA BRC and the BofASE SA Board.

Routines exist to discuss the strategic risk implications of new, expanded, or modified businesses, products, or services and other strategic initiatives, and to provide approvals where appropriate. Material risks are considered for capital and liquidity planning. Independent risk management, Corporate Audit, and other control functions provide input, challenge, and oversight to FLUs and strategic decisions and initiatives relating to BofASE SA.

Strategic Risk Reporting

Regular updates to the BofASE SA Board on business performance and management of strategic risk take into account analyses of performance relative to the Strategic Plan, risk appetite, the strength of capital and liquidity positions, and stress tests (which address potential macroeconomic events, changing regulatory requirements and various market growth rate assumptions). This also includes an assessment of the level of inherent risk, control effectiveness, as well as the residual risk outlook.

4.3.2. Credit Risk

Definition

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 BofASE SA commits to, or enters into, an agreement with a borrower or counterparty.

BofASE SA defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives, and other extensions of credit.

Credit Risk Management Process

BofASE SA manages credit risk to a counterparty based on their risk profile, which includes assessing repayment sources, underlying collateral (if any), and the expected effects of the current and forward-looking economic environment on the counterparties. Credit risk appetite is proactively reassessed as a counterparty’s risk profile changes.

Credit risk management includes the following processes:

- Credit origination
- Portfolio management
- Loss mitigation activities

These processes create a comprehensive and consolidated view of BofASE SA’s credit risks, thus providing executive management with the information required to guide or redirect FLUs and certain legal entity strategic plans, if necessary.

Sound risk management includes process to effectively identify, measure, and control risk. Risk management is both an essential component of BofASE SA’s daily business activities and an integral part of its strategic, capital, and financial planning processes.

Credit Origination

As one of BAC’s investment firms in the EU, BofASE SA offers a full suite of products across Equity Sales & Trading, FICC Sales & Trading, and Capital Markets. Traded products therefore account for the majority of BofASE SA’s credit exposure.

Other than Traded Products, BofASE SA has limited Loan Product exposure. This relates to BofASE SA’s default fund contributions (“DFC”) that a broker-dealer posts to central counterparties (“CCPs”) as a condition of its memberships with them. DFC are considered as Loan Equivalent.

BofASE SA’s credit processes align with BAC’s credit policies and credit risk appetite across FLUs and are compliant with applicable laws, rules, and regulations. Credit Risk management oversees decisions about the amount of credit to extend to counterparties consistent with BofASE SA’s credit risk appetite.

Counterparties’ credit risk profiles are assessed through risk modelling, underwriting, and asset analysis, while considering current and forward-looking views on economic, industry, and counterparty outlooks to ensure portfolio asset quality remains within approved credit risk limits. New products and credit terms and conditions are differentiated based on risk, within the limits of risk appetite.

Counterparty credit risk in BofASE SA arises from the creditworthiness of BofASE SA’s trading partners and varies by type of transaction. Credit Risk management manages counterparty risk with specific policies, limits, and controls. BofASE SA has a clearly established process in place for on-boarding new counterparties, as well as for managing existing counterparties. Policies and processes for assuming credit risk are well documented without undue reliance on external credit assessments.

BofASE SA sets limits and tenor at the individual counterparty level and aggregate family level, based on the ‘counterparties’ risk profiles. Investment Advisor 'As Agent' limits can also be set as needed. BAC sets counterparty concentration limits also at country and industry levels. Mark-to-market exposure and potential exposure are measured taking applicable collateral into account. The principal exposure measure for a traded product is potential exposure, which governs pre-settlement exposure and represents a statistical estimate of the 95%-confidence; worst case' exposure that could be realised over the life of a transaction.

Counterparty risk exposures are considered within the context of the broader credit risk portfolio across FLUs and legal entities. Trading exposures with counterparties are accounted for in the assessment of portfolio concentrations so credit decisions reflect complete, accurate, and timely information.

Portfolio Management

Once a credit limit has been extended, processes are in place to monitor BofASE SA credit risk exposure at both the individual borrower and portfolio levels. Key credit risk exposures are assessed under both normal and stress scenarios and credit risk is managed primarily through establishing and monitoring limits. Credit risk may be hedged to mitigate exposure and to remain within BofASE SA credit risk appetite and return expectations.

Regular portfolio monitoring and reporting and business-specific governance routines, including periodic testing and examinations by Credit Review, which is part of Corporate Audit, enable detection of deteriorating credit trends, development of mitigation strategies, and measurement of the effectiveness of actions taken. At the borrower and counterparty level, the risks inherent in ongoing financial performance are reviewed. At the portfolio level, aggregate losses, credit performance, and concentrations in baseline and potential stress scenarios are assessed.

As part of the portfolio management process, loss experience is evaluated compared to expected losses against established credit risk metrics for the entire credit portfolio, including obligor and facility rating distributions for the portfolio. In addition, targeted and portfolio stress testing and scenario analysis are performed and reviewed.

Loss and Credit Risk Mitigation Activities

BofASE SA employs a range of techniques to actively mitigate counterparty credit risks, including increased frequency and intensity of portfolio monitoring for moderate to weak risk profiles, and transferring management of deteriorated commercial exposures to special asset officers.

As a broker-dealer, BofASE SA's main credit risk mitigation technique is accepting collateral that is permitted by documentation such as repurchase agreements or a CSA to an International Swap Dealers Association (“ISDA”) Master Agreement.

Generally, collateral is accepted in the form of cash and high grade government securities. All requests for non-standard collateral are approved through the Non-Standard Collateral Review Process. BofASE SA credit risk exposure is net of collateral where legally enforceable netting and collateral agreements are recognised. In order to benefit from close-out netting / enforceability of collateral, written legal opinions are required to confirm: (a) where (i) the enforceability of close-out netting under a Master Agreement; (ii) enforceability of credit support agreements (if applicable) in the jurisdiction of incorporation of the counterparty in each case for the relevant type of counterparty; (b) where applicable for Uncleared Margin Rules ("UMR") purposes or otherwise; (i) the enforceability of collateral arrangements in respect of BofASE SA, the counterparty and the custodian including in the event of bankruptcy, insolvency or other similar proceeding; and (ii) the ability of the collateral provider and collateral taker to recover collateral held by the custodian. Where necessary, Credit Risk management consults with the Legal department to ensure that any necessary capacity and authority matters, country and enforceability issues are addressed.

Valuations are carried out, generally daily, on market trading activities such as collateralised OTC derivatives. Collateral Management report and escalate collateral disputes and fails through established routines.

Derivative exposures are increasingly routed through CCPs in response to regulation changes being phased-in globally. UMR is a regulatory mandate requiring the exchange of VM and IM for uncleared OTC Derivative bilateral trades. UMR VM regulatory has been a requirement for all applicable counterparties since 1 March 2017; IM requirements are subject to a phase approach running from September 2016 (when it originally covered trading between the largest international banks and their subsidiaries) to September 2022 with smaller counterparties being added each year based on whether aggregate notionals amount of OTC derivative activity are above required threshold.Required collateral levels may vary depending on the credit quality of the party posting collateral. Collateral taken in respect of trading exposures will be subject to a ‘haircut,’ which is negotiated at the time of signing the collateral agreement. A haircut is the valuation percentage applicable to each type of collateral and will be largely based on liquidity and price volatility of the underlying security. Where applicable, regulations in certain jurisdictions may specify minimum haircuts on eligible collateral. In the situation where an ISDA / CSA is subject to

UMRs of multiple regulatory regimes, the accepted haircuts are floored by regulatory minimums, while more conservative haircuts may be negotiated. Where haircuts are not required by regulations, haircuts associated with acceptable forms of collateral are standard haircuts calculated by Counterparty Credit Risk Portfolio Management. Any deviation from these is subject to approval following the "Agreements and Documentation Escalation Grid guidelines." The standard haircut table for Eligible Collateral is maintained by Counterparty Credit Risk Portfolio Management and updated on at least an annual basis.

Credit Risk Governance

BofASE SA Credit Risk Management is integrated into the BAC and BofASE SA governance structure. The Credit Risk governance structure enables a system of risk escalation, which includes the hierarchy and process to be followed for approvals, limit excesses, policy variances, and internally identified issues and emerging risks.

Credit risk policies form an important part of BAC's and BofASE SA's risk governance framework. Policies govern the extension of credit and the management of credit relationships in order to:

- Align day-to-day employee decision-making with the Risk Framework, risk appetite, and risk management objectives
- Foster understanding and compliance with all relevant laws, rules, regulations, and regulatory guidance
- Describe standards for underwriting and management of credit risk exposures
- Define approval authorities, including authorities for exceptions to policy and higher risk or specialised transactions

Core credit policies are supplemented, as needed, by individual business unit or legal entity policies which contain additional requirements specific to individual business unit / legal entity needs.

FLU Credit oversees credit risk management processes and governance in accordance with BofASE SA's requirements and authority levels. Credit risk teams oversee credit risk management processes in accordance with BAC's subsidiary governance requirements. This includes reporting to various risk governance committees, executive management, and boards of directors.

Credit Risk Reporting

Transparency of credit risk is critical to effective risk management. To ensure appropriate transparency and escalation across FLUs, BAC Board and BofASE SA Board, and executive management, comprehensive and actionable credit risk reporting containing the required granularity of content for each level of seniority is produced.

Exposure under BofASE SA's RAS credit risk limits is reported on an ongoing basis. The BofASE SA MRC receives a monthly risk appetite limits monitoring report and the BofASE SA Board receives quarterly reporting. The BofASE SA MRC materials provide additional information on the composition of the risk exposure. This includes exposure by sector, country, and traded product types and allow for the monitoring of potential concentration of risks. Weekly risk updates are provided to BofASE SA's Chief Executive Officer ("CEO").

Climate Change Impact on Credit Risk

Climate risk management is being embedded into the credit risk framework and credit and risk officers are being trained on climate and its impact on credit risk. High, moderate, or low climate risk ratings have been assigned to industry segments and countries in BAC's coverage universe. Climate risk supplements have been developed for high and moderate risk industries and incorporated into Enterprise Industry Risk Guidance documents. These provide credit underwriters and risk officers with guidance for clients in the relevant industries and countries. The risk ratings are supplemented by borrower level assessment of climate risk since two companies in the same sector /

country may be impacted differently by climate change based on their unique business model, management awareness, strategy, and preparedness to deal with the risks.

Refer to Section 4.4.9. Climate Change for additional information.

4.3.3. Market Risk

Definition

Market risk is the risk that changes in market conditions may adversely impact the value of assets or liabilities or otherwise negatively impact earnings.

Market risk is composed of price risk and interest rate 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 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).

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 VaR models. BofASE SA's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the non-trading book is also assessed.

BofASE SA has been granted permission by the ACPR to use an Internal Model Approach for the following models in calculating regulatory capital for market risk: 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.

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.

VaR for regulatory capital calculations ("Regulatory VaR") is equivalent to a 99% confidence level, has a 10-day time horizon and uses three years of historic data. Actual 10-day historical moves capture both serial correlation in the market data and non-linearity of exposures.

Stressed VaR for regulatory capital calculations is equivalent to a 99% confidence interval, has a 10-day overlapping holding period and uses a historical window that is calibrated to a continuous 12-month period that maximises the resulting VaR calculation for BofASE SA. A scalar is applied to correct for autocorrelation introduced by the use of overlapping holding periods.

VaR is also used for management reporting purposes ("Trading VaR"). Two measures are calculated: a version using three years of historic data and a version which uses a one-year period in order to reflect more recent market volatility. Both are equivalent to a 99% confidence level and have a one-day holding period.

BofASE SA uses a historical simulation approach to calculate VaR. A hypothetical profit and loss ("P&L") distribution is generated for the current portfolio using time series of historical risk factor changes through risk grids / scenarios and full revaluation for benchmarking. While the historical simulation does not require explicit assumptions about the distribution of the underlying market variables, the general mathematical process that governs each risk factor's behaviour is modelled. The specific risk of equity and debt positions is captured in the VaR calculation by measuring each issuer's risk using its own history wherever possible. Where it is not possible, in the case of credit-specific risk, the VaR model overlays a parameterised stochastic residual component to capture idiosyncratic risk. VaR calculations are performed for portfolios on a fully integrated basis, so no further assumption regarding correlation is necessary. In order for the VaR model to reflect current market conditions, the historical data is updated on a weekly basis, or more frequently during periods of market stress. Depending on the risk factor, the historical scenarios can represent either absolute or relative shocks, or a mixture of both as deemed most appropriate. The Market Data Team is responsible for ensuring accuracy of the data used. This is achieved with data quality tests including checks to detect stale, missing or spiky data.

Key differences between the model parameters used for regulatory capital and for internal management purposes are listed in the table below. In particular, regulatory standards require that Regulatory VaR only include the in-scope trading book positions, while Trading VaR also includes out-of-scope trading book positions. The IMA permission defines which products may be included in the Regulatory VaR calculation.

Table 4.3.3.T1. – Differences between the VaR for Regulatory and Management Reporting Purposes

Scope	Covered Positions as Defined by ACPR Approval	Covered Positions as Defined by ACPR Approval	Covered Positions and Non Covered Positions
Liquidity horizon (holding period)	10 days (unscaled)	10 days (unscaled)	1 day
Historical Window	3 years	Worst 1 year back to 15/1/2007	1 year and 3 years

For positions with insufficient historical data for the VaR calculation, the process for establishing an appropriate proxy is based on fundamental and statistical analysis of the new product or less liquid position. This analysis identifies reasonable alternatives that replicate both the expected volatility and correlation to other market risk factors that the missing data would be expected to experience.

In 2021, the main change impacting the VaR model is related to the Interbank Offer Rate ("IBOR") transition. This effort will continue in 2022 and is expected to be completed for all currencies. In addition, conditional on regulatory approval, the VaR model is expected to migrate to a one-day scaled by $\sqrt{10}$ approach for the calculation of Regulatory VaR and Stressed VaR. Furthermore, borrow-cost is expected to be included in the core regulatory VaR model.

Risk Not In VaR

Risks Not in VaR ("RNiVs") represent risks that are not adequately captured by the VaR model. BofASE SA has implemented a process to timely identify, quantify and manage RNiVs, taking into consideration of the requirements from the European Central Bank's ("ECB's") Targeted Review of Internal Models ("TRIM") guidelines. The RNiV process document defines the roles and responsibilities for the RNiV process, with specific reference to BofASE SA.

RNiVs are identified and assessed for capital purposes at least quarterly and BofASE SA capitalises for these risks through its RNiV framework. In 2021, the BofASE SA has started to increase the frequency and review of some RNiV calculations to monthly, in compliance with regulatory expectations. RNiVs are capitalised through an individual RNiV charge and aggregated RNiV charge. The former one capitalises RNiVs which are above a threshold of 5% of the sum of VaR and SVaR capital. The latter one is a charge for the residual RNiVs which are not capitalised with an individual RNiV charge. It applies a threshold of 10% of total VaR and SVaR capital.

RNiVs are capital charges capturing the adverse impact to the present portfolio of market moves for risk factors not included in VaR. According to the underlying evaluation methodology, the RNiVs are classified as:

- Type-1: The evaluation methodology is based on a standalone 10-day 99% confidence level VaR type of computation. For these risk factors, both the time series and sensitivities are known. In principal, these risk factors can be included in the general VaR engine. However, for various technical reasons they are processed separately as non-diversifiable RNiV Capital charges

- Type-2: The evaluation methodology is based on stressed scenario computations. For these risk factors the historical time series (due to their reduced observability) are not available and therefore they cannot be part of the general VaR engine

RNiVs are models and subject to the Enterprise Model Risk framework. As of 3rd Quarter 2021, there are 14 models used to calculate the RNiVs.

Incremental Risk Charge

IRC estimates the potential losses, at a 99.9% confidence level, that non-securitised credit products in the trading portfolio might experience over a one-year period of financial stress from defaults, ratings migration, and significant basis risk factors. The IRC model captures the incremental risk for products that are covered by credit-specific risk approval and for which IRC approval exists.

The IRC model utilises a Monte Carlo framework to simulate transitions and defaults. Additional risk factors include recovery rates, bond-credit default swap (“CDS”) basis, index-single name basis, index option volatility, and FX. The model assumes a constant position, so the liquidity horizon is the same as the capital horizon of one year. The transition matrix is sourced from published rating agency data.

The IRC model captures issuer and market concentrations through the multi-factor framework of the model and the fact that the market data is evolved for all issuers. The asset correlation for each pair of issuers is defined at the sector / region level. The model also captures the negative correlation between default-rate and recovery rate.

Comprehensive Risk Measure

CRM estimates the potential losses, at a 99.9% confidence level, that the correlation trading portfolio (primarily tranches on credit index and bespoke credit portfolios, with their corresponding hedges) might experience over a one-year period of financial stress.

CRM is comprised of a modelled component and a surcharge for the eligible positions in the correlation trading portfolio. The modelled component of CRM utilises the same Monte Carlo simulation framework as the IRC model, with the inclusion of additional risk factors that materially impact the value of the positions within the correlation trading portfolio. The model captures the complexity of these positions, including the non-linear nature of the trade valuations, particularly during periods of market stress, as well as the impact of the joint evolution of the risk factors. Like IRC, the CRM calculation uses a full-revaluation approach.

The CRM and IRC models share the usage of the rating migration / default risk factor, with CRM employing an additional risk factor for credit spread diffusion. Here the combined migration / default and credit spread risk factors act as a jump-diffusion process. In this model, credits are organised into sectors and regions to take into account the correlated moves across industries or markets. In order to capture the correlation between names and the economy, the model uses an economy-wide factor that drives the evolution of all names and factors specific to each sector and region. The jump component is also correlated to the diffusion component through these factors. This allows for the simulation of widening credit environments, while also capturing the increase in default rates that would be observed in these scenarios.

The base correlation data used in CRM is sourced from front office data, which uses a stochastic recovery Collateralised Debt Obligation (“CDO”) model. The CRM model applies an instantaneous shock to the portfolio as of the calculation date. The modelled component of the CRM, like the IRC model, assumes a constant position and a liquidity horizon of one year.

A submission for regulatory approval to migrate the IRC / CRM calculation to a new model version has been submitted. One of the changes, amongst others, expected to be implemented in 2022 is to include a sovereign transition matrix to map to sovereign risk exposure. In addition, the scope of the risks captured by the IRC calculation will be broadened to include bond risks calculated by a separate system.

Market Risk Management

FLUs are responsible for managing their risk (for instance through risk mitigating hedging), and any trading, hedging and investment activity is governed by policies which are designed to ensure all regulatory requirements are met. As one of the independent business risk teams in Global Risk Management and along with other governance and control functions, Global Markets Risk Management is responsible for establishing and overseeing the risk management governance structure for the lines of business which includes policies, limits, standards, controls, metrics and thresholds within the defined enterprise-wide and business-specific RAS.

BofASE SA adheres to the Global Markets Market Risk Policy and the Market Risk Limits Policy. In addition, a BofASE Market Risk Policy supplement specifies additional corporate governance and regulatory requirements beyond those stated in the global policies and is approved by the BofASE SA MRC.

BofASE SA manages and monitors its market risk exposures in a way that reflects BofASE SA’s Risk Framework. Assessing key exposures and setting and monitoring limits to ensure that BofASE SA operates within the approved risk appetite are at the core of BofASE SA’s approach to managing market risk.

Robust monitoring and reporting processes for limits are in place, with limit breaches triggering appropriate notification and escalation. The BofASE SA MRC and the BofASE SA BRC review and recommend risk appetite limits for approval to the BofASE SA Board. VaR, stress, and sensitivity limits are set at various levels of granularity, ensuring extensive coverage of risks as well as accounting for correlations among risk factors.

Stress testing and scenario analysis are performed to capture the potential risk that may arise in severe but plausible events. These stress tests may be hypothetical or historical, and applied to individual instruments or the aggregate BofASE SA portfolio. Markets Risk management identifies points of weakness and concentrations in the BofASE SA portfolio or where the entity holds positions that are illiquid or which could be exposed to particular extreme tail events. Stress scenarios may be specifically designed to target potential vulnerabilities that are not always easy to capture or model using VaR, or where there may be difficulty in hedging or exiting positions in a timely fashion, or at a reasonable price, in an extreme event.

Market Risk Governance

BofASE SA market risk is identified, monitored, and controlled by Global Markets Risk Management. The responsibilities of this independent control function include ownership of markets risk policy, calculating aggregated risk measures, establishing and monitoring position limits consistent with risk appetite, conducting daily reviews and analysis of trading inventory, approving material risk exposures, approving new trades, and fulfilling regulatory requirements.

The IMA models used in BofASE SA are continually reviewed, evaluated, and enhanced so that they reflect the material risks in the trading portfolio. Global Risk Analytics develops, tests, monitors, and documents the IMA models. Model development documentation and testing includes model theoretical framework, assumptions and limitations, model development data, model performance, and model implementation. The ongoing monitoring includes outcomes analysis, benchmarking, and process verification. Model Risk Management (“MRM”), as an independent control function, conducts model validations following the implementation of a new model or a model change that requires validation and MRM approval is required before models are used. Model validation includes the following: Documentation Review, Review of Assumptions / Underlying Theory, Implementation Verification, Calibration / Estimation, Convergence, and Stability and Stress Tests. In addition, through the Ongoing Monitoring

Review and Annual Model Review, MRM periodically reviews the performance of all models. Finally, MRM revalidates all models on a cycle based on the model risk rating.

Changes to IMA models used within BofASE SA are reviewed and approved prior to implementation and any material changes are reported to management through the appropriate management committees, as well as to the ACPR where required.

The effectiveness of the VaR methodology of BofASE SA is evaluated and monitored through back-testing, which compares the daily VaR results, utilising a one-day holding period, against actual and hypothetical changes in portfolio value as defined in CRR Article 366. A back-testing overshoot occurs when a trading loss exceeds the VaR for the corresponding day. These overshoots are evaluated to understand the positions and market moves that produced the trading loss in order to ensure that the VaR methodology accurately represents those losses. Exceptions at the legal entity or business level, are documented and reported to the ACPR, as appropriate, as part of regulatory reporting processes.

On an annual basis, a stressed IRC and CRM are calculated for BofASE SA as part of BAC's enterprise-wide regulatory stress testing framework using a model based scalar. In particular, the impact of default for mark-to-market and capital purposes is assessed by shocking market observables to levels specified in the internal severely adverse scenario.

The calibration input data for the IRC and CRM models is validated through a Qualitative Assessment process. Spreads, recovery rates, and expected loss data is checked for spikes, jumps, and flat data. In order to monitor the model performance at the risk factor level, the simulated risk factor changes for spreads, defaults, and FX are compared against historically observed changes on a yearly basis.

Market Risk Reporting

Transparency of market risks is critical to effective risk management. BofASE SA produces reports on exposure, including VaR, stress, and risk factor sensitivities. BofASE SA also reports on risks such as yield curve shifts and twists, changes to implied volatility, correlations between market variables, and credit spreads.

Market risk reports are distributed to senior management within Markets Risk management and, where appropriate, to relevant stakeholders, including FLUs and top of house senior management. Markets Risk management also contributes to governance committee reports.

Exposures to Interest Rate Risk on positions not held in the trading book

BofASE SA defines IRRBB as the risk to its current or anticipated earnings or capital arising from movements in interest rates in the Banking Book. Interest rate risk represents the most significant market risk exposure to BofASE SA's Banking Book balance sheet. Interest rate sensitivity on BofASE SA’s Banking Book balance sheet is driven by funding business activity, namely repo, reverse repo, stock loans / borrow and margin loans, in addition to the Treasury position including the HQLA portfolio.

BofASE SA’s overall IRRBB management and mitigation strategies are performed through regular risk measurements using Economic Value of Equity (“EVE”) and Earnings at Risk (“EaR”) scenario based risk measurements which are monitored against established limit, and hedging actions are taken as necessary. The BofASE SA MRC approves the risk measurement methodology, limits, and hedging strategy.

Forward-looking forecasts of EaR are prepared. The baseline forecast takes into consideration expected future business growth, Asset and Liability Management (“ALM”) positioning, and the direction of interest rate movements as implied by the market-based forward rate paths. BofASE SA then measures and evaluates the impact that alternative interest rate scenarios have on the baseline forecast in order to assess interest rate sensitivity under varied conditions. The EaR forecast is frequently updated for changing assumptions and differing outlooks based on economic trends, market conditions, and business strategies. Thus, BofASE SA's Balance Sheet position is continually monitored in order to maintain an acceptable level of exposure to interest rate changes.

EVE is calculated measuring the changes in present value of interest rate-sensitive instruments currently on the BofASE SA's Banking Book over their remaining life using a baseline and shocked forward interest rate paths with the difference between the two representing EVE risk.

For EVE methodology, measurements include commercial margins in cash flows and use risk free discount rates

Risk measurement for each material currency is aggregated by direct summation - with a 50% positive currency adjustment for EVE Supervisory Outlier Test in line with EBA guidelines on the management of interest rate risk arising from non-trading book activities (EBA/GL/2018/02).

To estimate changes in economic value and in earnings driven by interest rate movements, BofASE SA leverages a range of internal and regulatory mandated parallel and non-parallel shock scenarios and stress scenarios consistent with EBA/GL/2018/02.

In addition to EaR and EVE risk measurement, sub-components of IRRBB are also evaluated:

- Tenor basis risk, which is driven by the impact of relative changes in interest rates on instruments that are priced using different interest rate indices is measured and monitored on an ongoing basis

The results of all IRRBB metrics are generated using a model that is reviewed and validated by Model Risk management routinely. The BofASE SA Management Risk Committee consistently receive updates on IRRBB metrics, trends, and details on various topics impacting IRRBB, facilitating timely decision making in response to any factor impacting BofASE SA's interest rate risk exposure.

BofASE SA's overall goal is to manage interest rate risk so that movements in interest rates do not significantly adversely affect earnings or capital. If deemed necessary, BofASE SA will hedge its IRRBB by changing the maturity and / or interest rate repricing profile of banking book assets and liabilities.

The key difference between the information in the table below and internal measurement approaches is that the measurement of internal EaR uses a forecasted / dynamic balance sheet for EaR measurement as opposed to the static balance sheet used for the measurement of Net Interest Income ("NII") populated in Table 4.3.3.T2.

IRRBB metrics contained in Table 4.3.3.T2 signify that BofASE SA manages exposures to a level that results in minimal IRRBB risk. Variances in EVE results period on period are driven by a combination of Balance Sheet composition changes and changes in forward rate path expectations. No prior results are available for NII as internal measurement uses a forecasted Balance Sheet for NII monitoring.

Table 4.3.3.T2. – EU IRRBB1 - Interest Rate Risks of Non-trading Book Activities

Supervisory shock scenarios (€ in millions)		a	b	c	d
		Changes of the economic value of equity		Changes of the net interest income	
		Q4 2021	Q4 2020	Q4 2021	Q4 2020
1	**Parallel up**	6	(1)	142	N/A
2	**Parallel down**	(3)	—	(27)	N/A
3	**Steepener**	(5)	—		
4	**Flattener**	5	—		
5	**Short rates up**	7	—		
6	**Short rates down**	(6)	—		

Climate Change Impact on Market Risk

Both physical and transitional climate-related changes can impact market risk. Certain countries and corporates will be particularly affected by the geopolitical and economic impacts of climate change. Vendor climate models will be used to assess various climate scenarios such as acute and chronic climate perils due to rising temperatures and / or the increased cost of adapting to new policies and customer preferences. Typically, gradual changes in asset values will be reflected in the capital markets. However, depending on the climate pathway, impacts from an immediate introduction of a carbon tax or significant deterioration of public finances from acute and chronic climate perils, which are not fully priced in, may result in financial risk from sudden and steep declines in prices of traded products. Therefore, the market risk component is most often captured through an instantaneous shock to several market risk factors such as equity volatilities, FX, credit spreads, including assets prices for commodities and real estate.

Refer to Section 4.4.9. Climate Change for additional information.

4.3.4. Liquidity Risk

Definition

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support the businesses and customers, under a range of economic conditions.

Liquidity Risk Management

The BofASE SA Liquidity Risk Policy (“LRP”) defines the approach to managing and mitigating BofASE SA’s liquidity risk, aligned to BAC processes and tailored to meet BofASE SA’s business mix, strategy, activity profile, risk appetite, and regulatory requirements and is approved by the BofASE SA Board. The BofASE SA MRC reviews and recommends risk appetite limits to the BofASE SA BRC, which in turn reviews and recommends to the BofASE SA Board for approval.

Each of the FLUs are accountable for managing liquidity risk within the BofASE SA liquidity risk appetite by establishing appropriate processes to identify, measure, monitor and control the risks associated with their activities. GRM provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities, and assesses the effectiveness of BofASE SA’s liquidity risk management processes.

The BofASE SA 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
- ILST - 90 day = Available liquidity sources (including committed line with NB Holdings Corporation) divided by the net peak outflows over a 90-day combined stress period
- Liquidity Coverage Ratio = High-quality liquid assets divided by 30-day net stress outflows including Pillar 2 add-ons
- Net Stable Funding Ratio = Available Stable Funding divided by Required Stable Funding

The primary objective of liquidity risk management is to ensure that BofASE SA can meet expected or unexpected cash flow and collateral needs while continuing to support its businesses and customers under a range of economic conditions. Consistent with the Risk Framework, the main components to achieve BofASE SA’s liquidity risk management objectives include:

1. Clear accountability residing with FLUs for the liquidity risk inherent in their activities
2. Management of BofASE SA’s liquidity and funding activities by Treasury
3. Independent oversight of front line unit activities by Global Risk Management
4. Maintaining sufficient liquidity buffers which are readily convertible to cash for use by BofASE SA if necessary during periods of significant liquidity stress

5. Ensuring appropriate diversification of funding tenors and sources considering BofASE SA's asset profile and legal entity structure

6. Transferring the economic costs and benefits of liquidity risk to the appropriate lines of business through the Funds Transfer Pricing ("FTP") process

7. Maintaining a contingent funding plan that allows BofASE SA to react across all market and economic conditions

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 liquidity risk management. The BofASE SA LRP further describes the liquidity risk roles and responsibilities including requirements for liquidity risk limits, stress testing, analytics and reporting, and recovery and resolution planning.

The BofASE SA Liquidity Adequacy Statement ("LAS") has been documented as a statement of the BofASE SA Board's consideration of the Internal Liquidity Adequacy Assessment Process ("ILAAP") and prepared with reference to relevant ECB guidance. The ILAAP demonstrates BofASE SA has an appropriate framework to manage its liquidity and funding risk and adequate liquidity buffers and stable funding to deliver on its business strategy while continuing to operate within the BofASE SA Board risk appetite.

Liquidity Risk Governance

The BofASE SA Board sets the liquidity risk appetite that is the minimum amount of liquidity that must be held to meet net modelled outflows under an internally developed combined stress scenario and to comply with regulatory requirements and appropriate funding metrics. GRM is responsible for maintaining a liquidity risk limits framework to ensure that the entity is managed within its liquidity risk appetite. In line with the BAC Risk Framework, liquidity risk limits are classified as:

- BofASE SA Board-owned risk appetite
- BofASE SA MRC-owned management level appetite limits
- Non-risk appetite limits
- Risk indicators

Limits are monitored and reported daily, and a clear escalation path to senior management, the BofASE SA MRC, the BofASE SA BRC, and the BofASE SA Board by limit category and breach type exists.

Liquidity Risk Reporting

Daily liquidity reporting enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Regular liquidity risk reports are sent to the BofASE SA MRC, BofASE SA Board, the BofASE SA BRC, and BofASE SA senior management.

4.3.5. Compliance and Operational Risk

Definition

BofASE SA operates in a highly regulated environment. The complexity and volume of BofASE SA's products, services, and customers means that BofASE SA is subject to numerous laws, rules, and regulations that define the regulatory requirements it must satisfy across the jurisdictions in which it operates. Changes to existing products and services, new product innovations in delivery of services, expanding markets, and changes to the technology infrastructure create changes to BofASE SA's operational risk profile that must be anticipated and managed to mitigate adverse impacts to BofASE SA.

Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the BofASE SA arising from the failure of BofASE SA to comply with the requirements of applicable laws, rules, and regulations or internal policies and procedures. BofASE SA is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements. BofASE SA have established a compliance risk management program that seeks to anticipate and assess compliance risks and respond to these risks effectively should they materialise.

Operational risk is the risk of loss resulting from inadequate or failed processes or systems, people or from external events. BofASE SA strives for operational excellence in everything it does. BofASE SA have designed an operational risk management program that seeks to anticipate and assess operational risks and respond to these risks effectively should they materialise.

BofASE SA adopts the Standardised Approach for calculating Minimum Capital Requirements for operational risk. As part of the annual ICAAP, the adequacy of Minimum Capital Requirements is assessed through scenario analysis and stress testing that considers the material compliance and operational risks documented within the BofASE SA Risk Self-Assessment.

Compliance and Operational Risk Management

BofASE SA is committed to maintaining strong compliance and operational risk management practices across all FLUs and control functions. BofASE SA manages compliance and operational risk in an ever changing and complex regulatory environment, and with the evolving products, services and strategies offered by FLUs. BofASE SA 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 control functions are first and foremost responsible for managing all aspects of their businesses, including their compliance and operational risk. FLUs and control functions 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 control functions must also adhere to compliance and operational risk appetite limits to meet strategic, capital, and financial planning objectives. Finally, FLUs and control functions are responsible for the proactive identification, management, and escalation of compliance and operational risks across BofASE SA. When third-party capabilities are required to support processes, products, and services, BofASE SA manages third-party risk with a similar level of accountability as if managed internally.

BofASE SA has combined the compliance and operational risk management control functions into a single, integrated function under the leadership of the BofASE SA Chief Compliance and Operational Risk Officer. This combination allows the BofASE SA 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 control functions, 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 sets enterprise-wide policies and standards and provides independent challenge and oversight to the FLUs and control functions. The Compliance and Operational Risk teams comprise subject matter experts who understand the front to back processes and controls by which BofASE SA delivers products and services, understand applicable laws, rules, and regulations, and know whether the processes and controls are operating effectively. These teams independently assess compliance and operational risk, monitor business activities and processes, determine and develop tests to be conducted by the Enterprise Independent Testing unit, and report on the state of the control environment. Compliance and Operational Risk also collaborates with other control functions to provide additional support for certain remediation efforts and shares responsibility with the FLUs, Global Risk Management and other control functions for mitigating risks, such as reputational risks and risks associated with improper conduct.

In addition, teams in Compliance and Operational Risk cover areas, such as financial crimes, privacy and information security / cybersecurity, that affect multiple FLUs or control functions. These horizontal teams are responsible for, among other things, reviewing the FLUs and control functions' 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 the Compliance and Operational Risk standards.

With regard to conduct risk, protocols and structures have been established so that conduct risk is governed and reported across BofASE SA. To enable appropriate and effective oversight of conduct risk, conduct-related information is evaluated by FLUs and control functions, and escalated to management, Conduct Risk Council, or board governance routines as appropriate. BofASE SA has no tolerance for violations of conduct policies and procedures and while BofASE SA strives to prevent conduct violations in everything it does, it cannot fully eliminate such risks. When potential employee misconduct is detected, relevant information is gathered to evaluate the findings and take the appropriate disciplinary action. Furthermore, BofASE SA evaluates trends and themes to determine whether any additional remedial actions or control improvements are needed.

Compliance and Operational Risk Governance

Compliance and Operational Risk employs a governance structure to escalate material risks and issues, as well as the changes to BofASE SA's compliance and operational risk policies and procedures. Compliance and Operational Risk reports to the BofASE SA MRC, where compliance and operational risk issues are reviewed, and to the BofASE SA Audit Committee, BofASE SA BRC, and BofASE SA Board as appropriate. The goal of having this governance structure is to drive accountability for risk management, including decision making, oversight, and escalation, at all levels throughout BofASE SA.

Compliance and Operational Risk Identification and Reporting

Compliance and operational risks which require heightened transparency and escalation to management and / or BofASE SA governance committees are referred to as identified risks Identified risks which meet or exceed minimum materiality thresholds as outlined in the Risk Identification sub-section (under the BofASE SA ICAAP Risk Management chapter), will be designated as material risks. All identified risks are documented in the BofASE SA Risk Identification Inventory and all material compliance and operational risks are further documented in the BofASE SA Risk Self-Assessment process.

Compliance and Operational Risk reporting and escalation to senior management and the BofASE SA Board are essential to ensuring a clear understanding of current and emerging risks across BofASE SA, as well as whether BofASE SA is operating within Risk Appetite limits, so it can promptly take action to address out of tolerance risks.

Reporting includes results of compliance and operational risk assessments, monitoring and testing results, regulator-identified issues, and other compliance and operational metrics. To support decision making within management routines and governance committees, significant compliance and operational risks and issues are escalated to management-level committees, board-level committees, and the BofASE SA Board.

BofASE SA establishes and monitors operational risk appetite metrics for Non-Litigation Operational Losses, Residual Risk Level & Direction, Past Due Issues, Performance of Outsourced Services, Material Information Security Events (Global), Business & Technical Tests Successful - Top Tier, Availability of Critical Systems, High Residual Risk Model Use Breaches, and Financial Crimes.

BofASE SA is committed to the highest level of compliance and has no appetite for violations of legislative or regulatory requirements and no separate compliance risk appetite metrics were set, with compliance risk being managed by establishing risk management processes to reduce exposure to financial loss, reputational harm, or regulatory sanctions.

4.3.6. Reputational Risk

Definition

Reputational risk is the risk that negative perception of BofASE SA may adversely impact profitability or operations.

Reputational risk can stem from many of BofASE SA's activities, including those related to the management of the strategic, operational, compliance and other risks, as well as the overall financial position. As a result, BAC evaluates the potential impact to its reputation within all of the risk categories and throughout the risk management process.

Reputational Risk Management

BAC and its subsidiaries manage 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. In addition, reputational risk is also reflected as one of the considerations in the assessment of operational risk scenarios.

At the Enterprise level, reputational risk is reviewed by the BAC Enterprise Risk Committee (“BAC ERC”) and the BAC Management Risk Committee, which provide primary oversight of reputational risk. Additionally, top reputational risks are reviewed by the Global Risk Management leadership team and the BAC Board.

Reputational risk items relating to BofASE SA are considered as part of the EMEA Reputational Risk Committee (the "Reputational Risk Committee"), whose mandate includes consideration of reputational risk issues (including matters related to Environmental, Social, and Governance (“ESG”) 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.

Activities will be escalated to the Reputational Risk Committee for review and approval where elevated levels of risk are present. Examples of such activities include:

- Business activities that present significant legal, regulatory, or headline risk
- Violations of, or deviations from, established policies
- Concerns about customer / client identity or integrity, money laundering, potential criminal activity, or potential violations of economic sanctions requirements, such as direct or indirect terrorist financing or operation of an account for or on behalf of a sanctioned country, company, or person
- Business activities that have a particular accounting, finance, or tax treatment as a material objective
- Business activities that raise the possibility that BofASE SA might have an undisclosed or significant conflict of interest
- Business activities from which BofASE SA expects to receive disproportionate compensation compared with the services provided, investments made, and / or risks assumed
- Business activities which due to their nature or due to the current or historic reputation of any of the parties involved, might reflect adversely on BofASE SA reputation or suggest the need for close scrutiny
- Business activities that present the risk of creating information or security breaches or consumer privacy issues
- Business activities that may present environmental or social risks due to actions by BofASE SA or any of the parties involved

- Business activities or practices that may follow long-standing industry practice where there is the potential for a shift in public sentiment such that the business activity or practice might now or in the future be perceived as unfair, improper, or unethical
- Business activities that are similar to other activities in BofASE SA or another firm that have caused reputational harm
- Any potential reputational risk associated with the introduction, modification, or discontinuation of products, services, lines of business, or delivery channels
- Any reputational risk concerns that are specific to the business, region, or the markets in which the business operates

Ultimately, to ensure that reputational risk is mitigated through regular business activity, monitoring and oversight of the 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, BofASE SA, aligned with BAC, does not set quantitative limits to define its associated risk appetite. Through proactive risk management, BofASE SA seeks to minimise both the frequency and impact of reputational risk events.

Reputational Risk Governance

BAC, including its subsidiaries, have well established organisational and governance structure in place to ensure strong oversight at both the BAC Group and business levels.

The Reputational Risk Committee membership consists of executive representation from Global Markets, Global Corporate and Investment Banking, and control functions (Legal, Compliance, and Risk including Climate Risk and ESG). This includes senior representatives from BofASE SA. The committee is co-chaired by the President - International and the BofASE SA CRO. The Reputational Risk Committee charter requires that a majority of members must be present, including a co-chair and all control functions, in order for meetings to proceed.

The Reputational Risk Committee is a sub-committee of the Global Reputational Risk Committee. Items requiring increased attention may be escalated from the Reputational Risk Committee to the Global Reputational Risk Committee, as appropriate. The BofASE SA MRC and the BofASE SA BRC is informed of such matters through a BofASE SA-specific report.

Reputational Risk Reporting

The reporting of BofASE SA reputational risk issues is captured as part of management routines for the Reputational Risk Committee. Tracking of items presented to this committee is maintained through a reporting protocol, which provides detail such as the description of the reputational risk issue, the geographical jurisdiction, the reason for escalation and the decision reached by the Reputational Risk Committee. In addition, the Reputational Risk Committee provides updates to the BofASE SA BRC on a quarterly basis through a standing agenda item.

4.4. Other Risk Considerations

The risk management approach outlined in Section 4.2. Risk Management Approach also allows BofASE SA to manage the other risk considerations set out below.

4.4.1. Wrong-Way Risk

Wrong-way risk exists when there is adverse correlation between the counterparty’s probability of default and the market value of the underlying transaction and / or the collateral. Examples of wrong-way risk include, but are not limited to, situations that involve a counterparty that is a resident and / or incorporated in an emerging market entering into a transaction to sell non-domestic currency in exchange for its local currency; a trade involving the purchase of an equity put option from a counterparty whose shares are the subject of the option; or the purchase of credit protection from a counterparty who is closely associated with the credit default swap reference entity.

BofASE SA uses a range of policies and reporting to identify and monitor wrong-way risk across the portfolio. The Correlation and Concentration Risk policy describes the governance, limit frameworks, approval requirements, and roles and responsibilities for the management of wrong-way risk exposures. Forums have been established to review potential situations of wrong-way risk, and depending on the nature of the wrong way risk, Risk Management may require pre-trade approval or apply various portfolio limits. In keeping with the Risk Management Framework, several processes exist to control and monitor wrong-way risk, including reviews at the BAC Global Markets Risk Committee and BAC Credit Risk Committee.

4.4.2. Impact of a Credit Rating Downgrade on OTC Collateral

The full impact of a credit rating downgrade on BofASE SA depends on numerous factors, including: (1) the type and severity of any downgrade; and (2) the reaction of counterparties, customers, and investors who face BofASE SA.

Based on the terms of various over-the-counter derivatives contracts and other trading agreements, a credit rating downgrade may result in BofASE SA posting additional collateral to counterparties or counterparties choosing to unwind or terminate specific transactions. In either case, BofASE SA could experience liquidity outflows or the loss of funding sources. The materiality of such events will depend on whether the downgrade affects long-term or short-term credit ratings, as well as whether credit ratings drop by one or more levels.

The potential impact of a credit rating downgrade on collateral is monitored continuously and factored into BofASE SA's internal liquidity stress testing and regulatory liquidity requirements. As at 31 December 2021, BofASE SA was in excess of both internal and regulatory liquidity requirements, with a one-notch and two-notch downgrade scenario resulting in €0.2M and €0.1M of incremental additional outflows, respectively in line with contractual obligations in OTC derivative contracts.

4.4.3. Securitisation Risk Governance and Reporting

Securitised products, in the form of Collateralised Loan Obligations ("CLOs"), Residential Mortgage-Backed Securities ("RMBS"), Commerical Mortgage-Backed Securities ("CMBS") and ABS, are approved products for BofASE SA. The entity engaged in the trading of these products on an intermediation only basis during 2021, to facilitate market marking activity with European clients. VaR-based limits / modelling and stress testing procedures are in place to capture any end-of-day exposure to securitised products in BofASE SA.

4.4.4. Contingent Market Risk

Contingent Market Risk ("CMR") arises from concentrated positions with a single counterparty. Traditional exposure metrics, like potential exposure and CVA, trend towards zero with the rise of over-collateralisation and central clearing, while tail risk remains. This risk is captured by measuring concentrated positions using sensitivities and stress testing.

BofASE SA is subject to various BAC enterprise-level CMR limits and guidelines, based on appropriate measures and levels, taking into account market liquidity, risk appetite stress scenarios, and business rationale. Limits and guidelines are reviewed and monitored by the Global Markets and Financial Risk ("GMFR") team. Permanent limits and guidelines are approved at the BAC Global Markets Risk Committee, or by delegated authority from that committee.

4.4.5. Pegged Currency Risk

A pegged exchange rate is a type of exchange rate regime where a currency's value is managed against either the value of another single currency, to a basket of other currencies, or to another measure of value. Pegged Currency

Risk arises when the peg “breaks,” such as that which occurred in January 2015 when the Swiss National Bank announced it would no longer be pegging its currency, the Swiss Franc, to the Euro.

BofASE SA is subject to various BAC pegged currency limits for each pegged currency, across different ratings buckets and at the single name and portfolio level. Limits and guidelines are reviewed and monitored by GMFR. Permanent limits are approved at the BAC Global Markets Risk Committee, or by delegated authority from that committee.

4.4.6. New Products

BofASE SA is committed to offering products and services that are appropriate, are aligned with BofASE SA's strategic plans and risk appetite, and comply with applicable laws and regulations in the jurisdiction(s) in which they are offered.

BofASE SA complies with the New Product Review and Approval - Enterprise Policy, which establishes requirements designed to identify and mitigate risks associated with New Products. The New Product Review and Approval - Enterprise Policy requires that New Products be assessed across all risk categories, including consistency with risk appetite, prior to product implementation.

Under the New Product Review and Approval - Enterprise Policy, businesses are required to develop and maintain a New Product Review and Approval process and related procedures that address the identification, review, approval, and monitoring, including post implementation review of New Products and meets pre-defined minimum requirements in respect of governance, risk assessment, post implementation review, reporting, and required documentation.

4.4.7. Equities Exposures in the Non-Trading Book

No detailed disclosures are made in respect of equity exposures in the non-trading book as the information provided by such disclosures is not regarded as material.

4.4.8. Coronavirus

The global COVID-19 pandemic continued to create market volatility during 2021; however, with the help of vaccine rollout, the economy moved to gradual re-opening. Additional internal communication protocols are in place between Risk and the lines of business to ensure management awareness of credit exposure, market volatility, liquidity and funding risks which remain to be robust and effective in managing risk through a significant period of volatility. Enhanced reporting continues to be produced for the BofASE SA Board committees along with enhanced regulatory engagement since the beginning of the COVID-19 period between the BofASE SA management team and the ACPR and the AMF.

Risk associates are now largely operating from the Paris office following the phased return-to-office (“RTO”) during summer 2021. Work-from-home posture remains dynamic, adapting to changes in government guidelines.

The impact of the COVID-19 pandemic on BofASE SA’s operational risk environment continues to be identified, measured, and monitored through a combination or existing and new activities. FLUs and control functions are required to consider the impact of COVID-19 through the quarterly Risk Identification Process as well as Risk Self-Assessment process.

Compliance and Operational Risk, in conjunction with FLU and control function partners, continue to closely monitor the pandemic environment and its potential for additional or elevated compliance risk or operational risk.

4.4.9. Climate Change

Climate-related risks are divided into two major categories: (1) risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology, and market changes; and (2) 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 temperature increases and sea level rise. These changes and events can have broad impacts on operations, supply chains, distribution networks, customers, and markets and are otherwise referred to, respectively, as transition risk and physical risk. These risks can impact both financial and non-financial risk types. The impacts of transition risk can lead to and amplify credit risk or market risk by reducing BofASE SA customers' operating income or the value of their assets as well as expose BofASE SA to reputational risk due to increased regulatory scrutiny or negative public sentiment. Physical risk can lead to increased credit risk by diminishing borrowers' repayment capacity or impacting the value of collateral. In addition, it could pose increased operational risk to BofASE SA's facilities and people.

Effective management of climate risk requires coordinated governance, clearly defined roles and responsibilities, and well-developed processes to identify, measure, monitor, and control risks. BofASE SA continues to build out and enhance its climate risk management capabilities. As climate risk is interconnected with all key risk types, BofASE SA has developed and continues to enhance processes to embed climate risk considerations into its Risk Framework and risk management programs established for strategic, credit, market, liquidity, compliance, operational, and reputational risks.

A key element of how BofASE SA manages climate risk is the Risk Identification Process through which climate and other risks are identified across all FLUs and control functions, prioritised in its risk inventory and evaluated to determine estimated severity and likelihood of occurrence. Once identified, climate risks are assessed for potential impacts.

BofASE SA incorporates climate risks into scenario analyses, which leverage scenarios designed by the Network of Central Banks and Supervisors for Greening the Financial System ("NGFS"), to assess how these risks could affect BofASE SA and its clients across a range of physical and transition risk scenarios. Through the application of scenario analysis, potential pathways in the transition to a net zero economy are assessed. This includes assessing the impact of changes across both physical and transition related risks and events, and providing deeper insight into how climate-related risks and opportunities may evolve.

BAC's Risk Framework (as adopted by BofASE SA) establishes clear ownership and accountability for managing risk across the three lines of defence: FLUs, independent risk management, and Corporate Audit. The same approach to ownership and accountability is followed for climate risk as for other risks facing BAC.

BAC has established an Enterprise Climate Risk Steering Council, with which BofASE SA is closely coordinated, to oversee the enterprise-wide climate risk management practices.

The BofASE SA Board ensures suitable risk management, governance, and controls for BofASE SA through appropriate committees and alignment to BAC policies where appropriate. This includes consideration of climate-related risks and opportunities. BofASE SA BRC assists the BofASE SA Board in fulfilling its oversight responsibility relating to senior management's responsibilities regarding the identification of, management of, and planning for climate risk. The BofASE SA BRC has received a number of briefings at their quarterly meetings on the topic of climate risk and the progress being made to further embed climate risk management into the Risk Framework and to meet regulatory expectations on managing climate-related financial risk.

BofASE SA MRC is responsible for providing management oversight of climate risk. The BofASE SA MRC receives updates on the progress being made to further embed climate into the Risk Framework and to meet regulatory expectations.

Within the EMEA region, the EMEA ESG Risk and Regulatory Steering Group ("Steering Group") is responsible for providing management oversight of activities related to the financial risks and opportunities from climate change and ESG-related regulatory requirements impacting BAC's EMEA legal entities. The Steering Group is attended by senior leaders from across the three lines of defence including the ESG team and is connected to the enterprise ESG and Climate Risk governance framework and to BofASE SA's governance framework. The Steering Group meets monthly. In addition the BofASE SA ESG Risk and Regulatory Steering Group provides oversight, challenge, and review of BofASE SA’s risk activities related to the management of ESG-related risks.

BofASE SA’s environmental strategy includes deepening client engagement to better understand their climate plans and to support and advise clients along their net zero journey. This includes identification and implementation of new product opportunities, data collection to support BAC’s strategy, and adding ESG features in new product processes and controls. Increased awareness of climate change and its impacts, climate-related policy developments, and increasing activities to reduce emissions drove increased client demand for sustainable finance products and services. BofASE SA’s product and service offerings continue to evolve to meet this increased demand.

4.4.10. Russia / Ukraine Conflict

During 1st Quarter 2022, financial markets and commodities markets have been impacted by the Russia / Ukraine conflict, including the implementation of various economic sanctions by multiple jurisdictions on select Russian government and military leaders, financial institutions, business leaders, and the Central Bank of Russia. In addition, the government of Russia has implemented economic sanctions on selected non-Russian institutions and prevented outflows of selected currencies from Russia. While BofASE SA’s exposure to Russia is limited, the potential impact of the conflict and sanctions regime on European and global markets and institutions remains uncertain, and episodes of economic and market volatility may continue to occur. As a result, BofASE SA's business, results of performance, financial position, and / or operational model could be adversely affected.

BofA SECURITIES

BofA Securities Europe SA

Pillar 3 Disclosure

5. Further Detail on Capital Requirement, Capital Resources, Leverage, Securitisation, and Capital Buffers

As at 31 December 2021

5.1. Minimum Capital Requirement Summary

BofASE SA's Minimum Capital Requirement is principally comprised of credit risk, counterparty credit risk, and market risk requirements.

The majority of BofASE SA's counterparty and credit risk exposure is as a result of derivative exposures determined using the Standardised Approach for Counterparty Credit Risk ("SA-CCR"), and securities financing exposures determined using the financial collateral comprehensive method. Further details can be found in Section 5.3. Counterparty and Credit Risk.

BofASE SA's market risk Capital Requirement is principally driven by BofASE SA's internal model based capital requirement and a standard rules charge on traded debt instruments. Further detail on market risk can be found in Section 5.2. Market Risk.

5.2. Market Risk

Summary

Market risk is the potential change in an instrument's value caused by fluctuations in interest and currency exchange rates, equity and commodity prices, credit spreads, or other risks. BofASE SA has established trading book guidelines which set out the policies and procedures for the overall management of the trading book in accordance with the requirements of CRR.

Table 5.2.T1. presents a breakdown of BofASE SA's market risk under the Standardised Approach, and Table 5.2.T2. presents a breakdown of BofASE SA's market risk under the IMA.

Table 5.2.T1. – EU MR1 Market Risk under the Standardised Approach

	2021
(€ in Millions)	RWEAs
Outright products	
Interest rate risk (general and specific)	1,301
Equity and Collective Investment Undertakings risk (general and specific)	379
Foreign exchange risk	89
Commodity risk	—
Options	
Simplified approach	—
Delta-plus method	—
Scenario approach	—
Securitisation (specific risk)	—
Total	**1,769**

Table 5.2.T2. – EU MR2-A Market Risk under the IMA

	2021	
(€ in Millions)	**RWEAs**	**Own Funds Requirements**
VaR	**936**	**75**
Previous day's VaR (Article 365(1) of the CRR (VaRt-1))		16
Average of the daily VaR (Article 365(1)) of the CRR on each of the preceding 60 business days (VaRavg) x multiplication factor (mc) in accordance with Article 366 of the CRR		75
SVaR	**1,934**	**155**
Latest SVaR (Article 365(2) of the CRR (SVaRt-1))		34
Average of the SVaR (Article 365(2) of the CRR) during the preceding 60 business days (SVaRavg) x multiplication factor (ms) (Article 366 of the CRR)		155
IRC	**1,299**	**104**
Most recent IRC value (incremental default and migration risks calculated in accordance with Article 370 and Article 371 of the CRR)		92
Average of the IRC number over the preceding 12 weeks		104
Comprehensive risk measure	**204**	**16**
Most recent risk number for the correlation trading portfolio (Article 377 of the CRR)		16
Average of the risk number for the correlation trading portfolio over the preceding 12 weeks		14
8% of the own funds requirement in the standardised approach on the most recent risk number for the correlation trading portfolio (Article 338(4) of the CRR)		13
Other	1,882	150
Total	**6,255**	**500**

Table 5.2.T3. – EU MR 2-B RWA Flow Statement of Market Risk Exposures under the IMA

(€ in Millions)	**VaR**	**SVaR**	**IRC**	**CRM**	**Other**	**Total RWAs**	**Total Capital Requirements**
RWEAs at previous quarter end	615	1,123	873	146	1,336	4,093	327
Regulatory adjustment[1]	(500)	(617)	(370)	(50)	—	(1,537)	(123)
RWEAs at the previous quarter-end (end of the day)	115	506	503	96	1,336	2,556	204
Movement in the risk levels	83	(83)	651	108	546	1,305	104
RWEAs at the end of the reporting period (end of the day)	198	423	1,154	204	1,882	3,861	308
Regulatory adjustment	738	1,511	145	—	—	2,394	192
RWEAs at the end of the reporting period	**936**	**1,934**	**1,299**	**204**	**1,882**	**6,255**	**500**

[1] Regulatory adjustment accounts for the difference between the RWA calculated based on the end-of-day position, compared with the RWA calculated based on the 60-day average in the case of VaR / SVaR, and 12-week average measure or the floor measure in the case of IRC and CRM. The regulatory adjustments also account for the multiplication factors mc and ms, per Article 366 of the CRR, for the VaR, SVaR, and Other respectively.

Market risk capital requirements under the IMA increased during the year, mainly driven by an increase in VaR, Stressed VaR, IRC, and RNiV add-ons due to an increase in risk levels.

5.2.1. Internal Model Based Capital Requirement

The model based regulatory capital requirement in BofASE SA is calculated based on the internal model (VaR) approved by the ACPR. BofASE SA has established trading book guidelines which set out the policies and procedures for the overall management of the trading book in accordance with the requirements of CRR. The trading book policy defines the requirements and provides criteria for the FLUs to identify and classify transactions as either trading book or non-trading book under CRR and for risk management purposes. FLUs are required to identify all on- and off-balance positions to determine if they meet the criteria for trading book or non-trading book designation under the CRR. FLUs and appropriate control functions must meet the assessment, monitoring, and reporting requirements for trading book and non-trading book positions as outlined in this policy. FLUs and appropriate control functions are required to review all trading assets and trading liabilities to determine if the FLU's and appropriate control functions' positions meet the criteria for designation as a trading book position under CRR rules. Furthermore, valuation control processes are in place to ensure that the valuation estimates are prudent and reliable, including completeness reconciliations, commentary, review, and presentation of valuation control metrics to front office, market risk, Model Risk Management, and Finance management.

VaR

VaR is a common statistic used to measure market risk as it allows the aggregation of market risk factors, including the effects of portfolio diversification. The primary VaR statistic is equivalent to a 99% confidence level. This means that for a VaR with a one-day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

For further details on VaR and how BofASE SA uses VaR as a risk management tool, please refer to the market risk key risk type in Section 4.3. Key Risk Types.

Regulatory VaR

Regulatory VaR is a variation of VaR in which a ten-day holding period is used with rolling actual ten-day returns generated from three years of historical market data.

Back-testing

The VaR methodology is evaluated through a daily back-testing process, which compares the daily VaR results, utilizing a one-day holding period, against a comparable subset of trading P&L.

As required by the CRR, back-testing uses the 'Hypothetical' and 'Actual' definitions of the P&L. Hypothetical P&L is the P&L from the move in the value of the portfolio on the current day assuming unchanged positions from the end of the previous day. Actual P&L and Hypothetical P&L exclude fees, commissions, and net interest income.

A back-testing overshooting occurs when a trading loss on day N exceeds the VaR value of the portfolio on day N-1. These overshoots are evaluated to understand the positions and market moves that produced the trading loss and to ensure that the VaR methodology accurately represents those losses.

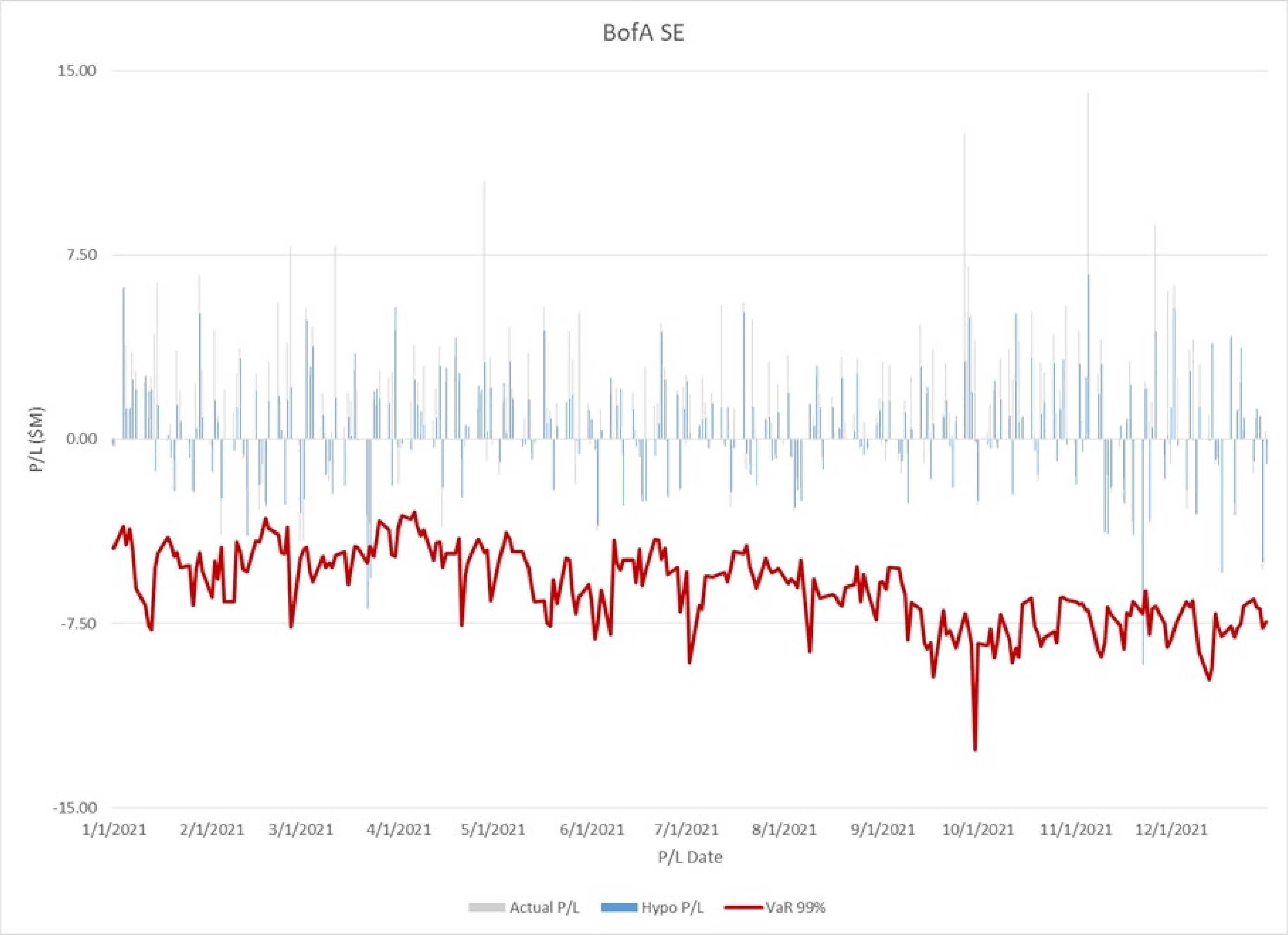
The number of back-testing overshootings observed can differ from the statistically expected number of overshootings for a number of reasons. When this occurs, analysis is done to assess the model's performance.

For the year ending 31 December 2021, BofASE SA trading losses as measured by Hypothetical P&L exceeded the prior day's VaR on three occasions, and as measured by Actual P&L did exceed the prior day's VaR once. The number of overshootings (three) corresponds to the Green Zone within the industry-recognised measure, which indicates that no additional capital multipliers are needed.

Two overages occurred in March 2021 and the remaining overage occurred in November 2021. In all cases, the main drivers were interest rate based risk factors which moved beyond the 99th percentile.

The results are illustrated in the figure below.

Figure 5.2.1.F1. – EU MR4 Comparison of VaR Estimates with Gains / Losses



Actual and Hypothetical Back-testing Results

The actual and hypothetical P&L shown in the above figure is only for positions covered by the VaR model and not for the entirety of BofASE SA. The VaR measure shown is for regulatory VaR using a three-year look-back period and one-day holding period. Capital requirements covered by the VaR model (Minimum Capital Requirements for VaR and Stressed VaR) total 36% of BofASE SA's Minimum Capital Requirements for market risk and 9% of BofASE SA's total Minimum Capital Requirements.

Trading Portfolio Stress Testing

Given the very nature of a VaR model, results can exceed the model's estimates and are dependent on a limited historical window. As such, BofASE SA's portfolio is also stress tested using scenario analysis. This analysis estimates the change in value of the trading portfolio that may result from abnormal market movements.

For further details on how BofASE SA's performs stress testing to the trading portfolio, please refer to Section 4.3.3. Market Risk.

Stressed VaR

Stressed VaR is a variation of VaR in which the historical window is not the previous three years but is calibrated to a continuous 12-month window that reflects a period of significant stress appropriate to BofASE SA. Stressed VaR is calculated based on 99% confidence level, a 10-day holding period, and the same population of exposures as the regulatory VaR.

RNIV Framework

The RNIV framework aims to capture and capitalise material market risks that are not adequately covered in the VaR model.

IRC

The IRC model is one component of the regulatory capital calculation for market risk. The model is intended to capture the potential losses that non-securitised credit products in the trading portfolio might experience over a one-year period of financial stress from defaults, ratings migration, and significant basis risk factors. To calculate potential losses at the required 99.9% confidence level, BofASE SA utilises a Monte Carlo simulation calibrated using relevant, available historical data for each risk factor in order to sample potential market scenarios.

The model reflects the impact of concentrated risks, including issuer, sector, region, and product basis risks, and assigns a higher potential loss to a concentrated portfolio than a more diversified portfolio with a similar credit profile. The model framework also captures the broad relationships between the different risk factors and is flexible enough to allow additional dependencies or risk factors to be incorporated in the future. The IRC model assumes a constant position and a liquidity horizon of one year.

Comprehensive Risk Measure

BofASE SA’s CRM is the modelled component of the All Price Risks regulatory capital requirement for market risk for positions which are eligible to be included in the correlation trading portfolio, primarily tranches on indices and bespoke portfolios and their corresponding hedges. The CRM takes into account all of the risk factors that materially impact the value of the positions within the correlation trading portfolio.

The model captures the complexity of these positions including the non-linear nature of the trade valuations, particularly during periods of market stress, and the impact of the joint evolution of the risk factors. The CRM utilises the same Monte Carlo simulation framework as the IRC model with the additional risk factors required for the correlation products in order to calculate the potential losses at the required 99.9% confidence level. The modelled component of the CRM, like the IRC model, assumes a constant position and a liquidity horizon of one year.

For the All Price Risk regulatory capital requirement purposes, the point in time modelled CRM value is compared to its 12-week average and to the correlation trading portfolio floor calculated under the Standardised Approach for market risk per the CRR. The highest of these three numbers will be the All Price Risk regulatory capital requirement used for the correlation trading portfolio.

Table 5.2.1.T1 shows BofASE SA's maximum, minimum, average, and period-end values for regulatory VaR and Stressed VaR, and risk numbers for the IRC and CRM models for the 12 months to 31 December 2021. Both VaR and Stressed VaR include a price volatility cross risk add-on.

Table 5.2.1.T1. – EU MR3 IMA Values for Trading Portfolios

(€ in Millions)	2021
VaR (10 day 99%)	
Maximum value	89
Average value	17
Minimum value	6
Period end	16
SVaR (10 day 99%)	
Maximum value	146
Average value	33
Minimum value	7
Period end	34
IRC (99.9%)	
Maximum value	138
Average value	87
Minimum value	38
Period end	92
Comprehensive risk capital charge (99.9%)	
Maximum value	24
Average value	13
Minimum value	1
Period end	16

5.2.2. Capital Requirement under Standardised Approaches

In BofASE SA, regulatory capital required is calculated on traded debt instruments that are not part of the scope of the internal models permission granted by the ACPR. The requirement is split into two components: General market risk and specific risk.

- General market risk is based on a currency portfolio basis. Positions are grouped into maturity bands ranging from less than one month to more than 20 years with a different weighting applied to each maturity band
- Specific risk looks at each security in terms of type of issuer (e.g., corporate / government), credit quality, and maturity

Equity Market Risk

Equity market risk is the regulatory capital requirement calculated on equity positions that are out of scope of the internal models permission granted by the ACPR to BofASE SA.

Commodity Market Risk

Commodity market risk is the regulatory capital requirement calculated on the global commodities investor product business in BofASE SA. The positions are grouped by maturity with a different weighting applied to each maturity band.

FX Market Risk

FX market risk requirement is the regulatory capital requirement calculated on the open net foreign currency position for exposures that are out of scope of the internal models permission granted by the ACPR to BofASE SA.

Option Market Risk Requirement

Option market risk requirement is the regulatory capital requirement calculated on options which are not in scope of the internal models permission granted by the ACPR. Option market risk requirement attracts a delta equivalent treatment, with additional regulatory capital requirement calculated for convexity risk (gamma risk) and volatility risk (vega risk).

5.3. Counterparty and Credit Risk

Counterparty and credit risk is the risk of loss arising from a borrower or counterparty failing to meet its financial obligations. Counterparty and credit risk capital requirements are derived from risk-weighted exposures, determined using the Standardised Approach. BofASE SA has counterparty and credit risk exposure as a result of derivative trades, securities financing transactions, and other trading and non-trading book exposures.

The following section provides detailed information on BofASE SA's regulatory credit risk and counterparty credit risk exposures.

5.3.1. Credit Risk by Type

Table 5.3.1.T1. sets out BofASE SA's credit risk exposures to non-financial corporations by industry distribution.

Table 5.3.1.T1. – EU CQ5: Credit Quality of Loans and Advances to Non-financial Corporations by Industry

		a	b	c	d	e	f
		Gross carrying amount				Accumulated impairment	Accumulated negative changes in fair value due to credit risk on non performing exposures
			Of which non performing		Of which loans and advances subject to impairment		
	(€ in Millions)			Of which defaulted			
10	Agriculture, forestry and fishing	—					
20	Mining and quarrying	—					
30	Manufacturing	—					
40	Electricity, gas, steam and air conditioning supply	—					
50	Water supply	—					
60	Construction	—					
70	Wholesale and retail trade	—					
80	Transport and storage	—					
90	Accommodation and food service activities	—					
100	Information and communication	—					
110	Financial and insurance activities	—					
120	Real estate activities	—					
130	Professional, scientific and technical activities	—					
140	Administrative and support service activities	1					
150	Public administration and defence, compulsory social security	—					
160	Education	—					
170	Human health services and social work activities	—					
180	Arts, entertainment and recreation	—					
190	Other services	—					
200	***Total***	1					

5.3.2. Credit Risk Exposure Geographic Distribution and Maturity Profile Detail

Table 5.3.2.T1. shows further analysis of the geographical distribution of BofASE SA’s credit risk exposure values.

The geographical distribution is reported by analysing where the counterparty is based. The majority of BofASE SA's exposure sits within the EMEA region.

Table 5.3.2.T1. – EU CQ4: Quality of Non-performing Exposures by Geography

		a	b	c	d	e	f	g
		Gross carrying / nominal amount				Accumulated impairment	Provisions on off balance sheet commitments and financial guarantees given	Accumulated negative changes in fair value due to credit risk on non performing exposures
			Of which non performing		Of which subject to impairment			
	(€ in Millions)			Of which defaulted				
10	***On-balance-sheet exposures***	**19,503**			**510**			
20	*United Kingdom*	5,591						
30	*United States*	4,734						
40	*France*	3,348			499			
50	*Germany*	2,531						
60	*Belgium*	1,451						
70	*Other Countries*	1,848			10			
80	***Off-balance-sheet exposures***	**71**						
90	*United Kingdom*	71						
150	***Total***	**19,574**			**510**			

Note: The top five countries by exposure value are reported individually in the above table. Exposures to all other countries are reported as Other Countries. Countries reported within Other Countries comprise of Austria, Australia, Canada, Switzerland, Denmark, Spain, Finland, Hong Kong, Ireland, Israel, India, Italy, Japan, Cayman Islands, Luxembourg, Nigeria, Netherlands, Norway, Poland, Sweden and Singapore.

Table 5.3.2.T2 splits BofASE SA's Credit Risk exposure values at the end of the year by residual maturity.

Table 5.3.2.T2. – EU CR1-A: Maturity of Exposures

		a	b	c	d	e	f
		Net exposure value					
		On demand	< 1 year	> 1 year < 5 years	> 5 years	No stated maturity	Total
1	Loans and advances	—	18,594	400	—	—	18,994
2	Debt securities	—	500	10	—	—	510
3	***Total***	**—**	**19,094**	**410**	**—**	**—**	**19,504**

5.3.3. Counterparty Credit Risk Exposure

BofASE SA has exposure to counterparty credit risk arising from exposures to counterparties in derivative and securities financing transactions. BofASE SA calculates counterparty credit risk of derivative exposures using SA-CCR. For securities financing transactions, BofASE SA used the financial collateral comprehensive method.

Table 5.3.3.T1. shows a breakdown of BofASE SA's CCR exposures by approach.

Table 5.3.3.T1. – EU CCR1 – Analysis of CCR Exposure by Approach

		a	b	c	d	e	f	g	h
		Replacement Cost ("RC")	Potential Future Exposure	Effective Expected Positive Exposure ("EEPE")	Alpha used for computing regulatory exposure value	Exposure value pre CRM	Exposure value post CRM	Exposure value	RWEA
EU-1	EU - Original Exposure Method (for derivatives)	—	—		1.4	—	—	—	—
EU-2	EU - Simplified SA-CCR (for derivatives)	—	—		1.4	—	—	—	—
1	SA-CCR (for derivatives)	3,340	10,060		1.4	50,277	18,760	18,760	12,728
2	IMM (for derivatives and SFTs)			—	—	—	—	—	—
2a	*Of which securities financing transactions netting sets*			—		—	—	—	—
2b	*Of which derivatives and long settlement transactions netting sets*			—		—	—	—	—
2c	*Of which from contractual cross-product netting sets*			—		—	—	—	—
3	Financial collateral simple method (for SFTs)					—	—	—	—
4	Financial collateral comprehensive method (for SFTs)					126,139	10,699	10,699	3,218
5	VaR for SFTs					—	—	—	—
6	**Total**					**176,416**	**29,459**	**29,459**	**15,946**

5.3.4. Credit Quality of Assets

A financial asset is past due if there is a legal obligation to make a payment and the payment is compulsory and not paid. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

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

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

For regulatory purposes, a default shall be considered to have occurred with regard to a particular the borrower when:

- Material exposures are more than 90 days past-due
- The borrower is assessed as unlikely to pay its credit obligations in full without realisation of collateral, regardless of the existence of any past-due amount or of the number of days past due

As at 31 December 2021, BofASE SA did not recognise any specific or general credit risk adjustments.

5.4. Securitisation

As at 31 December 2021, BofASE SA had an immaterial amount of exposure as investor in securitisations. BofASE SA has not acted as an originator or sponsor to any securitisations.

Based on materiality no further disclosures for exposure to securitisation positions are made in this document.

5.5. Capital Buffers

The CCyB was introduced through CRD IV, as amended by CRD V, and is defined as the amount of CET1 capital that BofASE SA must calculate in accordance with the CRD as implemented by the ACPR. The CCyB is equal to BofASE SA's total risk exposure amount multiplied by the weighted average of the CCyB rates that apply to exposures in the jurisdictions where BofASE SA's relevant credit exposures are located.

The aim of the CCyB is to achieve the broader macro-prudential goal of protecting the banking sector from periods of excess aggregate credit growth that have often been associated with the build-up of system-wide risk. The CCyB requirements may also help to limit the build-up of credit in jurisdictions in the first place, by raising the cost of credit and dampening its demand. Thus jurisdictions will be required to monitor credit growth in relation to measures such as Gross Domestic Product ("GDP") and assess whether growth is excessive and leading to the build-up of system-wide risk. Based on this assessment a countercyclical buffer requirement, ranging from 0.0% to 2.5% of RWAs, may be put in place for specified jurisdictions.

BofASE SA should face the same CCyB rates as domestic institutions on its cross-border exposures under the international reciprocation process. The French CCyB rate was 0% effective as at 31 December 2021.

Jurisdictions with a non-zero CCyB rate as at the end of 2021 were Hong Kong (1.0%), Norway (1.0%), Czech Republic (0.5%), Slovakia (1.0%), Luxembourg (0.5%), and Bulgaria (0.5%).

Table 5.5.T1. outlines the components of relevant credit exposures used in the calculation of CCyB by country.

Table 5.5.T1. – EU CCyB1 - Geographical Distribution of Credit Exposures Relevant for the Calculation of the Countercyclical Buffer

		General credit exposures		Relevant credit exposures market risk		Securitisation exposures Exposure value for non trading book	Total exposure value	Own fund requirements				Risk weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
(€ in Millions)		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Relevant credit exposures Securitisation positions in the non trading book	Total			
010	Breakdown by country:													
	AUSTRALIA	5	—	—	5	—	10	—	2	—	2	25	0.1 %	— %
	AUSTRIA	10	—	—	32	—	42	1	4	—	5	67	0.4 %	— %
	BAHAMAS	14	—	—	—	—	14	1	—	—	1	14	0.1 %	— %
	BAHRAIN	5	0	0	0	0	5	—	—	—	—	5	— %	— %

(€ in Millions)		General credit exposures		Relevant credit exposures market risk		Securitisation exposures Exposure value for non trading book	Total exposure value	Own fund requirements				Risk weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Relevant credit exposures Securitisation positions in the non trading book	Total			
010	Breakdown by country:													
	BELGIUM	121	—	2	32	—	155	5	15	—	20	253	1.5 %	— %
	BERMUDA	23	—	—	—	—	23	2	—	—	2	23	0.1 %	— %
	BRAZIL	—	—	—	3	—	3	—	1	—	1	18	0.1 %	— %
	CANADA	33	—	—	1	—	34	3	—	—	3	34	0.2 %	— %
	CAYMAN ISLANDS	1,085	—	—	—	—	1,085	87	—	—	87	1,085	6.3 %	— %
	CHINA	28	—	—	3	—	31	1	1	—	2	29	0.2 %	— %
	DENMARK	677	—	—	4	—	681	51	2	—	53	662	3.8 %	— %
	FINLAND	198	—	—	10	—	208	15	7	—	22	276	1.6 %	— %
	FRANCE	1,541	—	8	69	—	1,618	114	36	—	150	1,874	10.8 %	— %
	GEORGIA	4	0	0	0	0	4	—	—	—	—	4	— %	— %
	GERMANY	1,431	—	34	60	—	1,525	100	26	—	126	1,574	9.1 %	— %
	HONG KONG	1	—	—	4	—	5	—	1	—	1	16	0.1 %	1.0 %
	INDIA	447	—	—	—	—	447	36	—	—	36	447	2.6 %	— %
	IRELAND	91	—	—	1	1	93	7	11	—	18	227	1.3 %	— %
	ISRAEL	9	—	—	—	—	9	1	—	—	1	9	0.1 %	— %
	ITALY	190	—	—	18	—	208	16	10	—	26	319	1.8 %	— %
	JAPAN	185	—	—	11	—	196	15	10	—	25	309	1.8 %	— %
	JERSEY	—	—	—	1	—	1	—	1	—	1	7	— %	— %
	LUXEMBOURG	3,468	—	—	30	—	3,498	269	8	—	277	3,466	20.1 %	0.5 %
	MALAYSIA	4	0	0	0	0	4	—	—	—	—	4	— %	— %
	MEXICO	—	—	—	1	—	1	—	1	—	1	10	0.1 %	— %

(€ in Millions)		General credit exposures		Relevant credit exposures market risk		Securitisation exposures Exposure value for non trading book	Total exposure value	Own fund requirements				Risk weighted exposure amounts	Own fund requirements weights (%)	Countercyclical buffer rate (%)
		Exposure value under the standardised approach	Exposure value under the IRB approach	Sum of long and short positions of trading book exposures for SA	Value of trading book exposures for internal models			Relevant credit risk exposures Credit risk	Relevant credit exposures Market risk	Relevant credit exposures Securitisation positions in the non trading book	Total			
010	Breakdown by country:													
	NETHERLANDS	1,335	—	2	20	—	1,357	93	23	—	116	1,447	8.4 %	— %
	NORWAY	38	—	—	2	—	40	2	—	—	2	26	0.1 %	1.0 %
	POLAND	45	—	—	—	—	45	4	—	—	4	45	0.3 %	— %
	PORTUGAL	2	—	—	1	—	3	—	5	—	5	65	0.4 %	— %
	SERBIA	0	0	0	1	0	1	—	—	—	—	4	— %	— %
	SINGAPORE	1	0	0	0	0	1	—	—	—	—	2	— %	— %
	SPAIN	483	—	3	82	—	568	39	28	—	67	836	4.8 %	— %
	SUDAN	2	0	0	0	0	2	—	—	—	—	2	— %	— %
	SWEDEN	591	—	—	55	—	646	47	15	—	62	780	4.5 %	— %
	SWITZERLAND	27	—	—	10	—	37	3	2	—	5	56	0.3 %	— %
	UNITED KINGDOM	4,467	—	15	97	—	4,579	180	26	—	206	2,569	14.9 %	— %
	UNITED STATES	502	—	4	66	—	572	40	15	—	55	687	4.0 %	— %
	URUGUAY	1	0	0	0	0	1	—	—	—	—	1	— %	— %
020	Total	17,064	—	68	619	1	17,752	1,132	251	—	1,383	17,277	100.0 %	

Table 5.5.T2. – EU CCyB2 Amount of Institution Specific Countercyclical Capital Buffer

(€ in Millions)	**2021**
Total risk exposure amount	30,434
Institution specific countercyclical capital buffer rate	0.10 %
Institution specific countercyclical capital buffer requirement	31

The increase in institution-specific CCyB requirement from €9M in 4th Quarter 2020 to €31M in 4th Quarter 2021 is driven by an increase in the CCyB rate of Luxembourg from 0.25% to 0.50% in 2021.

5.6. Capital Resources

Table 5.6.T1. shows the accounting balance sheet, with references in column C to the balance sheet items included within the elements of BofASE SA’s own funds as reported in template EU CC1. Further details on the composition of BofASE SA's capital resources are shown in Tables 5.6.1.T1 and 5.6.2.T1. There are no restrictions applied to the calculation of own funds in accordance with CRR regulations.

Table 5.6.T1. – EU CC2 - Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements

		a	c
		Balance sheet as in published financial statements	**Reference in Table 5.6.2.T1 EU CC1 Composition of Regulatory Own Funds**
		As at period end	
Assets - Breakdown by asset classes according to the balance sheet in the published financial statements			
1	Cash and deposits with the central banks and central clearing houses	3,287	
2	Government securities and sovereign debt	4,030	
3	Debtors - Receivables from banks	4,461	
4	Debtors - Receivables from other customers	13,750	
5	Bonds and fixed income securities	719	
6	Equity investments and other long-term securities	4,625	
7	Investments in related companies	—	
8	Shares in related companies	—	
9	Intangible assets	—	
10	Tangible assets	—	
11	Subscribed but unpaid share capital	—	
12	Settlement accounts - receivables	1,998	
13	Other assets	14,401	
14	Regularisation accounts - receivables	22,347	
15	**Total assets**	**69,618**	
Liabilities - Breakdown by liability classes according to the balance sheet in the published financial statements			
1	Cash on account and deposits from central banks and central clearing houses	—	
2	Creditors - Payables to banks	575	
3	Creditors - Payables to other customers	11,612	
4	Debts represented by a security	—	
5	Other liabilities	26,262	
6	Regularisation accounts - payables	22,460	
7	Settlement account - payables	1,542	
8	Provisions for liabilities and charges	136	
9	Subordinated debts	920	46
10	Fund for general banking risks (FRBG)	—	
11	**Total liabilities**	**63,**507	
Shareholders' Equity			
1	Capital	6,376	1
2	Share premium	—	
3	Reserves	—	
4	Revaluation reserve	—	
5	Regulated provisions and investment subventions	—	
6	Other reserves	(191)	2
7	Loss for the financial period	(74)	EU-25a
8	**Total shareholders' equity**	**6,111**	

5.6.1. Capital Resources (Landscape)

Table 5.6.1.T1. – EU CCA: Main Features of Regulatory Own Funds Instruments and Eligible Liabilities Instruments

		BofASE SA		
Capital Instruments Main Features		**CET1**	**AT1**	**T2**
1	Issuer	BofA Securities Europe SA	N/A	BofA Securities Europe SA
2	Unique identifier (e.g., CUSIP, ISIN or Bloomberg identifier for private placement)	N/A	N/A	N/A
2a	Public or Private Placement	Private Placement	N/A	Private Placement
3	Governing law(s) of the instrument	French	N/A	French
3a	Contractual recognition of write down and conversion powers of resolution authorities	N/A	N/A	Yes
Regulatory Treatment				
4	Current treatment taking into account, where applicable, transitional CRR rules	CET1	N/A	T2
5	Post-transitional CRR rules	CET1	N/A	T2
6	Eligible at solo / (sub-)consolidated / solo and (sub-)consolidated	Solo	N/A	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares with full voting rights	N/A	Subordinated Loan T2
8	Amount recognised in regulatory capital or eligible liabilities (Currency in million, as of most recent reporting date)	EUR 6,376M	N/A	EUR 920M
9	Nominal amount of instrument	EUR 10.00	N/A	EUR 920M
EU-9a	Issue price	EUR 10.00	N/A	EUR 920M
EU-9b	Redemption price	N/A	N/A	EUR 920M
10	Accounting classification	Shareholders equity	N/A	Liability - amortised cost
11	Original date of issuance	EUR 0.05M 25 September 2018 EUR 540M 19 November 2018 EUR 2,086M 14 January 2019 EUR 2,650M 19 July 2019 EUR 1,100M 21 June 2021	N/A	15 October 2021
12	Perpetual or dated	Perpetual	N/A	Dated
13	Original maturity date	No maturity	N/A	31 March 2032
14	Issuer call subject to prior supervisory approval	No	N/A	No
15	Optional call date, contingent call dates and redemption amount	N/A	N/A	No issuer call date. However, may repay in whole or in part at par on any date if a Regulatory Event or Tax Event occurs, subject to prior supervisory approval.

Capital Instruments Main Features		BofASE SA CET1	AT1	T2
16	Subsequent call dates, if applicable	N/A	N/A	N/A
Coupons / Dividends				
17	Fixed or floating dividend / coupon	N/A	N/A	Floating
18	Coupon rate and any related index	N/A	N/A	€STR + 102bps
19	Existence of a dividend stopper	No	N/A	No
EU-20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	Fully discretionary	N/A	Mandatory
EU-20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	Fully discretionary	N/A	Mandatory
21	Existence of step up or other incentive to redeem	No	N/A	No
22	Non-cumulative or cumulative	Non-cumulative	N/A	Cumulative
23	Convertible or non-convertible	Non-convertible	N/A	Non-convertible
24	If convertible, conversion trigger(s)	N/A	N/A	N/A
25	If convertible, fully or partially	N/A	N/A	N/A
26	If convertible, conversion rate	N/A	N/A	N/A
27	If convertible, mandatory or optional conversion	N/A	N/A	N/A
28	If convertible, specify instrument type convertible into	N/A	N/A	N/A
29	If convertible, specify issuer of instrument it converts into	N/A	N/A	N/A
30	Write-down features	No	N/A	No
31	If write-down, write-down trigger(s)	N/A	N/A	N/A
32	If write-down, full or partial	N/A	N/A	N/A
33	If write-down, permanent or temporary	N/A	N/A	N/A
34	If temporary write-down, description of write-up mechanism	N/A	N/A	N/A
34a	Type of subordination (only for eligible liabilities)	N/A	N/A	N/A
EU-34b	Ranking of the instrument in normal insolvency proceedings	1 - Equity	N/A	2 - Statutory Subordinated Claim
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	Subordinated liabilities	N/A	Senior Liabilities
36	Non-compliant transitioned features	No	N/A	No
37	If yes, specify non-compliant features	N/a	N/A	N/A
37a	Link to full terms and conditions of the instrument (signposting)	http://investor.bankofamerica.com	N/A	http://investor.bankofamerica.com

(') Insert 'N/A' if the question is not applicable

5.6.2. Capital Resources (continued)

Table 5.6.2.T1. – EU CC1 - Composition of Regulatory Own Funds

		(a)	(b)
		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
	Common Equity Tier 1 capital: instruments and reserve		
1	Capital instruments and the related share premium accounts	6,376	Shareholders' Equity - 1
	of which: Ordinary shares with full voting rights	6,376	
2	Retained earnings	(191)	Shareholders' Equity - 6
3	Accumulated other comprehensive income (and other reserves)	—	
EU-3a	Funds for general banking risk	—	
4	Amount of qualifying items referred to in Article 484 (3) CRR and the related share premium accounts subject to phase out from CET1	—	
5	Minority interests (amount allowed in consolidated CET1)	—	
EU-5a	Independently reviewed interim profits net of any foreseeable charge or dividend	—	
6	**Common Equity Tier 1 capital before regulatory adjustments**	6,185	
	Common Equity Tier 1 capital: regulatory adjustments		
7	Additional value adjustments (negative amount)	(76)	
8	Intangible assets (net of related tax liability) (negative amount)	—	
9	Not applicable		
10	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	—	
11	Fair value reserves related to gains or losses on cash flow hedges of financial instruments that are not valued at fair value	—	
12	Negative amounts resulting from the calculation of expected loss amounts	—	
13	Any increase in equity that results from securitised assets (negative amount)	—	
14	Gains or losses on liabilities valued at fair value resulting from changes in own credit standing	—	
15	Defined-benefit pension fund assets (negative amount)	—	
16	Direct, indirect and synthetic holdings by an institution of own CET1 instruments (negative amount)	—	
17	Direct, indirect and synthetic holdings of the CET 1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
18	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
19	Direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
20	Not applicable		
EU-20a	Exposure amount of the following items which qualify for a RW of 1250%, where the institution opts for the deduction alternative	—	
EU-20b	of which: qualifying holdings outside the financial sector (negative amount)	—	
EU-20c	of which: securitisation positions (negative amount)	—	
EU-20d	of which: free deliveries (negative amount)	—	

		(a)	(b)
		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met) (negative amount)	—	
22	Amount exceeding the 17,65% threshold (negative amount)	—	
23	of which: direct, indirect and synthetic holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities	—	
24	Not applicable		
25	of which: deferred tax assets arising from temporary differences	—	
EU-25a	Losses for the current financial year (negative amount)	(74)	Shareholders' Equity - 7
EU-25b	Foreseeable tax charges relating to CET1 items except where the institution suitably adjusts the amount of CET1 items insofar as such tax charges reduce the amount up to which those items may be used to cover risks or losses (negative amount)	—	
26	Not applicable		
27	Qualifying AT1 deductions that exceed the AT1 items of the institution (negative amount)	—	
27a	Other regulatory adjustments	(27)	
28	**Total regulatory adjustments to Common Equity Tier 1**	(177)	
29	**Common Equity Tier 1 capital**	6,008	
	Additional Tier 1 capital: instruments		
30	Capital instruments and the related share premium accounts	—	
31	of which: classified as equity under applicable accounting standards	—	
32	of which: classified as liabilities under applicable accounting standards	—	
33	Amount of qualifying items referred to in Article 484 (4) CRR and the related share premium accounts subject to phase out from AT1	—	
EU-33a	Amount of qualifying items referred to in Article 494a(1) CRR subject to phase out from AT1	—	
EU-33b	Amount of qualifying items referred to in Article 494b(1) CRR subject to phase out from AT1	—	
34	Qualifying Tier 1 capital included in consolidated AT1 capital (including minority interests not included in row 5) issued by subsidiaries and held by third parties	—	
35	of which: instruments issued by subsidiaries subject to phase out	—	
36	**Additional Tier 1 capital before regulatory adjustments**	—	
	Additional Tier 1 capital: regulatory adjustments		
37	Direct, indirect and synthetic holdings by an institution of own AT1 instruments (negative amount)	—	
38	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
39	Direct, indirect and synthetic holdings of the AT1 instruments of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
40	Direct, indirect and synthetic holdings by the institution of the AT1 instruments of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	—	
41	Not applicable		
42	Qualifying T2 deductions that exceed the T2 items of the institution (negative amount)	—	

		(a)	(b)
		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
42a	Other regulatory adjustments to AT1 capital	—	
43	**Total regulatory adjustments to Additional Tier 1 capital**	—	
44	**Additional Tier 1 capital**	—	
45	**Tier 1 capital (T1 = CET1 + AT1)**	6,008	
	Tier 2 (T2) capital: instruments		
46	Capital instruments and the related share premium accounts	920	Liabilities - 9
47	Amount of qualifying items referred to in Article 484(5) CRR and the related share premium accounts subject to phase out from T2 as described in Article 486(4) CRR	—	
EU-47a	Amount of qualifying items referred to in Article 494a(2) CRR subject to phase out from T2	—	
EU-47b	Amount of qualifying items referred to in Article 494b(2) CRR subject to phase out from T2	—	
48	Qualifying own funds instruments included in consolidated T2 capital (including minority interests and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties	—	
49	of which: instruments issued by subsidiaries subject to phase out	—	
50	Credit risk adjustments	—	
51	**Tier 2 (T2) capital before regulatory adjustments**	920	
	Tier 2 (T2) capital: regulatory adjustments		
52	Direct, indirect and synthetic holdings by an institution of own T2 instruments and subordinated loans (negative amount)	—	
53	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where those entities have reciprocal cross holdings with the institution designed to inflate artificially the own funds of the institution (negative amount)	—	
54	Direct, indirect and synthetic holdings of the T2 instruments and subordinated loans of financial sector entities where the institution does not have a significant investment in those entities (amount above 10% threshold and net of eligible short positions) (negative amount)	—	
54a	Not applicable		
55	Direct, indirect and synthetic holdings by the institution of the T2 instruments and subordinated loans of financial sector entities where the institution has a significant investment in those entities (net of eligible short positions) (negative amount)	—	
56	Not applicable		
EU-56a	Qualifying eligible liabilities deductions that exceed the eligible liabilities items of the institution (negative amount)	—	
EU-56b	Other regulatory adjustments to T2 capital	—	
57	**Total regulatory adjustments to Tier 2 (T2) capital**	—	
58	**Tier 2 (T2) capital**	920	
59	**Total capital (TC = T1 + T2)**	6,928	
60	**Total Risk exposure amount**	30,434	
	Capital ratios and requirements including buffers		
61	Common Equity Tier 1 capital	19.74 %	
62	Tier 1 capital	19.74 %	
63	Total capital	22.76 %	
64	Institution CET1 overall capital requirements	9.18 %	
65	of which: capital conservation buffer requirement	2.50 %	
66	of which: countercyclical capital buffer requirement	0.10 %	

		(a)	(b)
		Amounts	Source based on reference numbers / letters of the balance sheet under the regulatory scope of consolidation
67	of which: systemic risk buffer requirement	— %	
EU-67a	of which: Global Systemically Important Institution or Other Systemically Important Institution ("O-SII") buffer requirement	— %	
EU-67b	of which: additional own funds requirements to address the risks other than the risk of excessive leverage	2.08 %	
68	**Common Equity Tier 1 capital (as a percentage of risk exposure amount) available after meeting the minimum capital requirements**	11.07 %	
National minima (if different from Basel III)			
69	Not applicable		
70	Not applicable		
71	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)			
72	Direct and indirect holdings of own funds and eligible liabilities of financial sector entities where the institution does not have a significant investment in those entities (amount below 10% threshold and net of eligible short positions)	399	
73	Direct and indirect holdings by the institution of the CET1 instruments of financial sector entities where the institution has a significant investment in those entities (amount below 17.65% thresholds and net of eligible short positions)	—	
74	Not applicable		
75	Deferred tax assets arising from temporary differences (amount below 17,65% threshold, net of related tax liability where the conditions in Article 38 (3) CRR are met)	—	
Applicable caps on the inclusion of provisions in Tier 2			
76	Credit risk adjustments included in T2 in respect of exposures subject to standardised approach (prior to the application of the cap)	—	
77	Cap on inclusion of credit risk adjustments in T2 under standardised approach	209	
78	Credit risk adjustments included in T2 in respect of exposures subject to internal ratings-based ("IRB") approach (prior to the application of the cap)	—	
79	Cap for inclusion of credit risk adjustments in T2 under internal ratings-based approach	—	
Capital instruments subject to phase-out arrangements (only applicable between 1 January 2014 and 1 January 2022)			
80	Current cap on CET1 instruments subject to phase out arrangements	—	
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	—	
82	Current cap on AT1 instruments subject to phase out arrangements	—	
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	—	
84	Current cap on T2 instruments subject to phase out arrangements	—	
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	—	

5.7. Leverage

5.7.1. Leverage Approach

The leverage ratio is a measure of Tier 1 capital as a percentage of exposure as defined under the CRR rules.

The leverage ratio is monitored in line with regulatory requirements. Exposure is typically managed through a combination of mechanisms including risk appetite limits, collateralisation, and netting arrangements.

The following tables disclose a breakdown of the total leverage ratio exposure measure, as well as a reconciliation of total exposure measure with the relevant information disclosed in published financial statements.

5.7.2. Additional Detail on Leverage Ratio

Table 5.7.2.T1. – EU LR1 - LRSum: Summary Reconciliation of Accounting Assets and Leverage Ratio Exposures

		a
		Applicable amount
1	Total assets as per published financial statements	69,918
2	Adjustment for entities which are consolidated for accounting purposes but are outside the scope of prudential consolidation	—
3	(Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference)	—
4	(Adjustment for temporary exemption of exposures to central banks (if applicable))	—
5	(Adjustment for fiduciary assets recognised on the balance sheet pursuant to the applicable accounting framework but excluded from the total exposure measure in accordance with point (i) of Article 429a(1) CRR)	—
6	Adjustment for regular-way purchases and sales of financial assets subject to trade date accounting	—
7	Adjustment for eligible cash pooling transactions	—
8	Adjustment for derivative financial instruments	6,547
9	Adjustment for securities financing transactions	1,306
10	Adjustment for off-balance sheet items (i.e., conversion to credit equivalent amounts of off-balance sheet exposures)	315
11	(Adjustment for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital)	—
EU-11a	(Adjustment for exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	—
EU-11b	(Adjustment for exposures excluded from the total exposure measure in accordance with point (j) of Article 429a(1) CRR)	—
12	Other adjustments	(7,015)
13	**Total exposure measure**	**70,770**

Table 5.7.2.T2. – EU LR2 - LRCom: Leverage Ratio Common Disclosure

		CRR leverage ratio exposures
		a
		T
	On-balance sheet exposures (excluding derivatives and SFTs)	
1	On-balance sheet items (excluding derivatives, SFTs, but including collateral)	25,554
2	Gross-up for derivatives collateral provided, where deducted from the balance sheet assets pursuant to the applicable accounting framework	—
3	(Deductions of receivables assets for cash variation margin provided in derivatives transactions)	(6,086)
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	—

		CRR leverage ratio exposures
		a
		T
5	(General credit risk adjustments to on-balance sheet items)	—
6	(Asset amounts deducted in determining Tier 1 capital)	(76)
7	Total on-balance sheet exposures (excluding derivatives and SFTs)	19,391
	Derivative exposures	
8	Replacement cost associated with SA-CCR derivatives transactions (i.e., net of eligible cash variation margin)	6,791
EU-8a	Derogation for derivatives: replacement costs contribution under the simplified standardised approach	—
9	Add-on amounts for potential future exposure associated with SA-CCR derivatives transactions	16,776
EU-9a	Derogation for derivatives: Potential future exposure contribution under the simplified standardised approach	—
EU-9b	Exposure determined under Original Exposure Method	—
10	(Exempted CCP leg of client-cleared trade exposures) (SA-CCR)	(1,637)
EU-10a	(Exempted CCP leg of client-cleared trade exposures) (simplified standardised approach)	—
EU-10b	(Exempted CCP leg of client-cleared trade exposures) (Original Exposure Method)	—
11	Adjusted effective notional amount of written credit derivatives	49,807
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	(39,742)
13	**Total derivatives exposures**	**31,994**
	Securities financing transaction exposures	
14	Gross SFT assets (with no recognition of netting), after adjustment for sales accounting transactions	60,455
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	(42,691)
16	Counterparty credit risk exposure for SFT assets	1,306
EU-16a	Derogation for SFTs: Counterparty credit risk exposure in accordance with Articles 429e(5) and 222 CRR	—
17	Agent transaction exposures	—
EU-17a	(Exempted CCP leg of client-cleared SFT exposure)	—
18	**Total securities financing transaction exposures**	**19,070**
	Other off-balance sheet exposures	
19	Off-balance sheet exposures at gross notional amount	1,260
20	(Adjustments for conversion to credit equivalent amounts)	(945)
21	(General provisions deducted in determining Tier 1 capital and specific provisions associated associated with off-balance sheet exposures)	—
22	**Off-balance sheet exposures**	**315**
	Excluded exposures	
EU-22a	(Exposures excluded from the total exposure measure in accordance with point (c) of Article 429a(1) CRR)	—
EU-22b	(Exposures exempted in accordance with point (j) of Article 429a(1) CRR (on and off balance sheet))	—
EU-22c	(Excluded exposures of public development banks (or units) - Public sector investments)	—
EU-22d	(Excluded exposures of public development banks (or units) - Promotional loans)	—
EU-22e	(Excluded passing-through promotional loan exposures by non-public development banks (or units))	—
EU-22f	(Excluded guaranteed parts of exposures arising from export credits)	—
EU-22g	(Excluded excess collateral deposited at triparty agents)	—
EU-22h	(Excluded CSD related services of CSD / institutions in accordance with point (o) of Article 429a(1) CRR)	—
EU-22i	(Excluded CSD related services of designated institutions in accordance with point (p) of Article 429a(1) CRR)	—

		CRR leverage ratio exposures
		a
		T
EU-22j	(Reduction of the exposure value of pre-financing or intermediate loans)	—
EU-22k	(Total exempted exposures)	—
	Capital and total exposure measure	
23	**Tier 1 capital**	6,008
24	**Total exposure measure**	**70,770**
	Leverage ratio	
25	Leverage ratio (%)	8.49 %
EU-25	Leverage ratio (excluding the impact of the exemption of public sector investments and promotional loans) (%)	8.49 %
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) (%)	8.49 %
26	Regulatory minimum leverage ratio requirement (%)	3.00 %
EU-26a	Additional own funds requirements to address the risk of excessive leverage (%)	— %
EU-26b	of which: to be made up of CET1 capital	— %
27	Leverage ratio buffer requirement (%)	— %
EU-27a	Overall leverage ratio requirement (%)	3.00 %
	Choice on transitional arrangements and relevant exposures	
EU-27b	Choice on transitional arrangements for the definition of the capital measure	Fully Phased In
	Disclosure of mean values	
28	Mean of daily values of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivable	29,519
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	17,765
30	Total exposure measure (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	82,525
30a	Total exposure measure (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	82,525
31	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.28 %
31a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	7.28 %

Table 5.7.2.T3. – EU LR3 - LRSpl: Split-Up of On Balance Sheet Exposures (Excluding Derivatives, SFTs and Exempted Exposures)

		a
		CRR leverage ratio exposures
EU-1	**Total on-balance sheet exposures (excluding derivatives, SFTs, and exempted exposures), of which:**	19,467
EU-2	Trading book exposures	13,577
EU-3	Banking book exposures, of which:	5,891
EU-4	Covered bonds	—
EU-5	Exposures treated as sovereigns	3,825
EU-6	Exposures to regional governments, MDB, international organisations and PSE, not treated as sovereigns	—
EU-7	Institutions	660
EU-8	Secured by mortgages of immovable properties	—
EU-9	Retail exposures	—
EU-10	Corporates	487
EU-11	Exposures in default	—
EU-12	Other exposures (e.g., equity, securitisations, and other non-credit obligation assets)	919

5.7.3. Management of Risk of Excessive Leverage

The risk of excessive leverage is the risk resulting from an institution's vulnerability due to leverage or contingent leverage that may require the addition of unintended corrective measures to its business plan. BofASE SA sets a leverage ratio risk appetite limit at an appropriate level to manage this risk. Leverage ratio metrics are monitored and reviewed for consistency with the Strategic Plan and BofASE SA Risk Appetite Statement, as well as being reviewed quarterly by the BofASE SA BRC. This will include the actual reported leverage ratio, compared against the BofASE SA Board's risk appetite limit, which is set in excess of the minimum leverage requirement of 3%. The leverage ratio requirements reinforce risk-based requirements and limit the build up of excessive leverage.

Comprehensive risk management of excessive leverage is achieved through the risk appetite framework and quarterly BofASE SA Board oversight. A breach of a limit will trigger defined operational protocols as set out in the BofASE SA Capital Management Policy, where specific governance, escalation, and management actions are set out at various trigger levels that align to the BofASE SA Board risk appetite and recovery plan indicators. BofASE SA does not currently assess that there is a risk of excessive leverage for the entity.

5.8. Operational Risk

The following table shows a breakdown of the calculation of own funds requirements for operational risk as at 31 December 2021 for BofASE SA.

Table 5.8.T1. – EU OR1 Operational Risk Own Funds Requirements and Risk-Weighted Exposure Amounts

	Banking activities	a	b	c	d	e
		Relevant indicator			Own funds requirements	Risk exposure amount
		Year 3	Year 2	Last year		
1	Banking activities subject to Basic Indicator Approach	—	—	—	—	—
2	Banking activities subject to standardised (“TSA”) / alternative standardised (“ASA”) approaches	277	562	864	102	1,277
3	*Subject to TSA:*	277	562	864		
4	*Subject to ASA:*	—	—	—		
5	Banking activities subject to advanced measurement approaches	—	—	—	—	—

BofA Securities Europe SA

Pillar 3 Disclosure

6. Additional Information on Remuneration Disclosure

As at 31 December 2021

6.1. Remuneration Disclosure

The BofASE SA remuneration disclosure providing qualitative information on relevant remuneration policies and practices, in addition to quantitative remuneration information on Material Risk Takers, made in accordance with Article 450 of the Capital Requirements Regulation (EU) No. 575/2013, as amended by Regulation (EU) 2019/876, and related EBA guidance, is separately published on BAC's corporate website (http://investor.bankofamerica.com) and should be deemed part of the Pillar 3 Disclosure for BofASE SA.

BofA Securities Europe SA

Pillar 3 Disclosure

7. Appendices

As at 31 December 2021

Appendix 1 - Directors Board Membership and Experience

Table A1.T1. – Directors Board Membership and Experience

		No. Of Directorships	
		Total	Excluding non commercial and counting group appointments as one
Anne Finucane Director	Ms. Finucane, who recently retired as Vice Chairman of Bank of America Corporation, served as a senior leader of the Company for more than 26 years and was a member of the executive management team. Prior to her appointment as Vice Chairman she held the position of Global Chief Strategy and Marketing officer. Ms. Finucane was as global leader for Bank of America on capital deployment, climate finance, public policy, and environmental, social and governance. Ms. Finucane is the Chair of Bank of America Europe Designated Activity Company ("BofA Europe"), and serves on the BofA Europe Board Risk Committee, BofA Europe Nominations Committee, and BofA Europe Remuneration Committee. She is also a Group Non-Executive Director of BofA Securities Europe S.A. and joined Bank of America's Global Advisory Council in 2021. She resigned as a Group Non-Executive Director of Bank of America Charitable Foundation, Inc. on 31 December 2021. She was a Non-Executive Director of Carnegie Hall Society, Inc. and the National September 11 Memorial & Museum at the World Trade Centre Foundation, Inc. Ms. Finucane is currently a Non-Executive Director of Mass General Brigham, and Special Olympics, Inc., the Carnegie Endowment for International Peace, and The Ireland Funds. Ms. Finucane is a member of the Council on Foreign Relations, and has served on the U.S. State Department's Foreign Affairs Policy Board and the World Bank Group's Women Entrepreneurs Finance Initiative (We-Fi). Ms. Finucane is an Independent Non-Executive Director of CVS Health Corp and was recently appointed in 2021 as a Non-Executive Director of William-Sonoma, Inc.	8	3
Jérôme Morisseau Director and Deputy CEO	Jérôme started his career at Morgan Stanley in London in 1994, before moving to Paris where he was promoted Managing Director in 2006. He joined Citi as Managing Director in Paris in 2006 until 2015 and then joined Bank of America in 2015. Jerôme was promoted to Co-Head of Investment Banking France in 2020. In addition, he became deputy CEO and Director of BofA Securities Europe S.A (BAC broker-dealer for Continental Europe) in 2021.	2	1
Bernard Mensah Director	Bernard Mensah is President of International for Bank of America and is a member of Bank of America's Executive Management Team. He is the CEO of MLI, Bank of America's largest International subsidiary, and Bank of America, National Assocation - London Branch ("BANA-L") Head. He is also a Director of BofASE SA, the Company's European securities entity. Based in London, Bernard previously jointly led the Company's Global FICC trading business globally. Bernard is responsible for the development and execution of Bank of America's strategy and extensive business activities across the United Kingdom, the European Union, Central and Eastern Europe, the Middle East and Africa ("CEEMEA"), Asia Pacific, and Latin America. He joined the Company in 2010 from Goldman Sachs in London, where he was a Partner and global head of Bank Loan and Distressed Trading, and prior to that ran the Company's Asia Credit and Convertibles business, based in Hong Kong and Tokyo.	7	1
Vanessa Holtz Director and CEO	Vanessa Holtz is Chief Executive Officer of Bank of America's principal EU broker-dealer, BofASE SA, and country executive for France. She is responsible for the implementation of BofASE SA's strategy. Vanessa is also a member of Bank of America's EMEA executive committee. Vanessa has been based in Paris since 2019 and was formerly head of EU FICC Trading. In this role she was instrumental in Bank of America's pre-Brexit preparations and played a critical role in growing Bank of America's European presence. As CEO of BofASE SA and country executive France, her strategic focus is to drive sustainable growth across the business and the European region while continuing to expand and deepen Bank of America's relationships with clients. Prior to joining Bank of America, Vanessa held several key positions leading and managing foreign exchange trading desks including ABN AMRO, Barclays Capital and JP Morgan.	3	1
Pierre de Weck Director (outside) and Chairman	Independent director of BAC; Bank of America California, National Association ("BACANA"); Bank of America, National Association ("BANA"); and Chair of the Board of Directors of Merrill Lynch International and BofA Securities Europe SA. Mr. de Weck served as the Chair and Global Head of Private Wealth Management and as a member of the Group Executive Committee of Deutsche Bank AG from 2002 to May 2012. Prior to joining Deutsche Bank, Mr. de Weck served on the Management Board of UBS AG from 1994 to 2001, as Head of Institutional Banking from 1994 to 1997, as Chief Credit Officer and Head of Private Equity from 1998 to 1999, and as Head of Private Equity from 2000 to 2001. Previously held various senior management positions at Union Bank of Switzerland, a predecessor firm of UBS, from 1985 to 1994.	14	5
Pierre Fleuriot Director (outside)	Appointed in August 2019 as a non-executive director of the BofA Securities Europe SA Board. He also serves on the Board of Directors of Renault S.A., the Casablanca Stock Exchange and is the Chair of the Board of the Cercle de l'Orchestre de Paris. Previously served as the CEO of Credit Suisse for France, Belgium and Luxembourg from 2009 to 2016 and prior to that he held roles as the CEO for France and Belgium for Royal Bank of Scotland from 2008 to 2009, the CEO for ABM-AMRO France from 2000 to 2008, and as the CEO of the Commissions des Operations de Bourse from 1991 to 1997.	7	5

		No. Of Directorships	
		Total	Excluding non commercial and counting group appointments as one
Marie Hélène Sartorius **Director (outside)**	Marie-Hélène Sartorius was appointed in October 2020 as a non-executive director of the BofA Securities Europe SA Board. She also serves on the Board of Directors of Milleis Banque (formerly Barclays France SA), Orano SA , BNPP Cardif SA, and Gemalto NV. Ms. Sartorius is an experienced financial services practitioner, advisor, independent, and executive board member. She has in-depth experience in investment banking, insurance, and risk. Ms. Sartorius was a senior partner at PricewaterhouseCoopers where she spent 15 years, providing consulting services across banking, capital markets, insurance, asset management and private banking industries. Prior to that she held different roles at BNP Paribas (formerly Banque Paribas) from 1982 to 2001 in Global Markets and Corporate Finance.	**5**	**4**
George Carp **Director and Deputy CEO**	George Carp is the Deputy CEO and Chief Financial Officer ("CFO") for BofASE SA with overall responsibility for key financial processes and controls as well as providing strategic analysis and performance insight to BofASE SA senior leaders. George joined the Company in 1994 in Finance supporting capital markets activities including debt origination, real estate, structured finance, and institutional sales and trading. George has held several senior leadership positions at the Company based in their Charlotte headquarters. In 2007, George became the finance executive for the Global Markets Group for Bank of America prior to the merger with Merrill Lynch, and later served on the transition team for the Merrill Lynch merger. In 2018, George became the Chief Financial Officer for BofA Europe in Dublin, Ireland with overall responsibility for key financial processes and controls as well as providing strategic analysis and performance insight to BofA Europe senior leaders. Prior to joining Bank of America, George spent 13 years with Ernst & Young in the Financial Services Industries Group. George specialised in the audit of broker-dealers and large multi-national banking organisations.	**2**	**1**

Note: The table outlines the directors that served at 31 December 2021. Sanaz Zaimi, Shannon Lilly, Thomas Montag, and Bruce Thompson all resigned from the BofASE SA Board during 2021, while Catherine Bessant was appointed on 13 January 2022.

Appendix 2 – Supplementary Disclosure Templates

The following table shows the total amount of performing and non-performing exposures and related provisions as at 31 December 2021 for BofASE SA.

Table A2.T1. – EU CR1 Performing and Non-performing Exposures and Related Provisions

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write off	Collateral and financial guarantees received	
		Performing exposures			Non performing exposures			Performing exposures accumulated impairment and provisions			Non performing exposures accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
5	Cash balances at central banks and other demand deposits	4,200														
10	**Loans and advances**	**18,994**													**9,110**	
20	*Central banks*	3,801														
30	*General governments*	—														
40	*Credit institutions*	3,948													1,437	
50	*Other financial corporations*	11,244													7,599	
60	*Non-financial corporations*	1													1	
70	*Of which SMEs*	—														
80	*Households*	—														
90	**Debt securities**	**510**														
100	*Central banks*	—														
110	*General governments*	510														
120	*Credit institutions*	—														
130	*Other financial corporations*	—														

		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o
		Gross carrying amount / nominal amount						Accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions						Accumulated partial write off	Collateral and financial guarantees received	
		Performing exposures			Non performing exposures			Performing exposures accumulated impairment and provisions			Non performing exposures accumulated impairment, accumulated negative changes in fair value due to credit risk and provisions				On performing exposures	On non performing exposures
			Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3		Of which stage 1	Of which stage 2		Of which stage 2	Of which stage 3			
140	*Non-financial corporations*	—														
150	**Off-balance-sheet exposures**	**71**														
160	*Central banks*	—														
170	*General governments*	—														
180	*Credit institutions*	—														
190	*Other financial corporations*	71														
200	*Non-financial corporations*	—														
210	*Households*	—														
220	***Total***	23,774													9,110	

The following table shows the extent of the use of CRM techniques as at 31 December 2021 for BofASE SA.

Table A2.T2. – EU CR3 CRM Techniques Overview: Disclosure of the Use of Credit Risk Mitigation Techniques

		Unsecured carrying amount	Secured carrying amount			
				Of which secured by collateral	Of which secured by financial guarantees	Of which secured by credit derivatives
		a	b	c	d	e
1	Loans and advances	14,083	9,110	9,110	—	—
2	Debt securities	510	—	—	—	
3	**Total**	**14,593**	**9,110**	**9,110**	**—**	**—**
4	*Of which non-performing exposures*	—	—	—	—	—
EU-5	*Of which defaulted*	—	—	—	—	—

Appendix 2 – Supplementary Disclosure Templates (Landscape)

The following table shows the effect of all CRM techniques as at 31 December 2021 for BofASE SA.

Table A2.T3. – EU CR4 Standardised Approach - Credit Risk Exposure and CRM Effects

	Exposure classes	Exposures before CCF and before CRM		Exposures post CCF and post CRM		RWAs and RWAs density	
		On balance sheet exposures	Off balance sheet exposures	On balance sheet exposures	Off balance sheet exposures	RWAs	RWAs density (%)
		a	b	c	d	e	f
1	Central governments or central banks	3,813	—	3,813	—	5	0.10 %
2	Regional government or local authorities	—	75	—	75	75	100.00 %
3	Public sector entities	—	—	—	—	—	— %
4	Multilateral development banks	—	—	—	—	—	— %
5	International organisations	—	—	—	—	—	— %
6	Institutions	81	—	81	—	16	20.00 %
7	Corporates	298	1,184	298	12	310	100.00 %
8	Retail	—	—	—	—	—	— %
9	Secured by mortgages on immovable property	—	—	—	—	—	— %
10	Exposures in default	—	—	—	—	—	— %
11	Exposures associated with particularly high risk	—	—	—	—	—	— %
12	Covered bonds	—	—	—	—	—	— %
13	Institutions and corporates with a short-term credit assessment	918	—	918	—	319	34.80 %
14	Collective investment undertakings	—	—	—	—	—	— %
15	Equity	—	—	—	—	—	— %
16	Other items	1	—	1	—	1	100.00 %
17	**TOTAL**	5,111	1,260	5,111	87	727	14.00 %

The following table shows the breakdown of exposures under the standardised approach by exposure class and risk weight as at 31 December 2021 for BofASE SA.

Table A2.T4. – EU CR5 Standardised Approach

	Exposure classes	Risk weight															Total	Of which unrated
		0%	2%	4%	10%	20%	35%	50%	70%	75%	100%	150%	250%	370%	1250%	Others		
		a	b	c	d	e	f	g	h	i	j	k	l	m	n	o	p	q
1	Central governments or central banks	3,802	—	—	—	—	—	11	—	—	—	—	—	—	—	—	3,813	3,301
2	Regional government or local authorities	—	—	—	—	—	—	—	—	—	75	—	—	—	—	—	75	—
3	Public sector entities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
4	Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
5	International organisations	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Institutions	—	—	—	—	81	—	—	—	—	—	—	—	—	—	—	81	75
7	Corporates	—	—	—	—	—	—	—	—	—	310	—	—	—	—	—	310	302
8	Retail exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Exposures secured by mortgages on immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Exposures in default	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Exposures associated with particularly high risk	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
12	Covered bonds	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
13	Exposures to institutions and corporates with a short-term credit assessment	—	—	—	—	470	—	446	—	—	2	—	—	—	—	—	918	—
14	Units or shares in collective investment undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity exposures	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
16	Other items	—	—	—	—	—	—	—	—	—	1	—	—	—	—	—	1	1
17	**TOTAL**	3,802	—	—	—	551	—	457	—	—	388	—	—	—	—	—	5,198	3,678

The following table shows a breakdown of performing and non-performing exposures by past due days as at 31 December 2021 for BofASE SA.

Table A2.T5. – EU CQ3 Credit Quality of Performing and Non-performing Exposures by Past Due Days

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / nominal amount											
		Performing exposures			Non performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
5	**Cash balances at central banks and other demand deposits**	**4,200**	**4,200**										
10	**Loans and advances**	**18,994**	**18,994**										
20	*Central banks*	3,801	3,801										
30	*General governments*	—	—										
40	*Credit institutions*	3,948	3,948										
50	*Other financial corporations*	11,244	11,244										
60	*Non-financial corporations*	1	1										
70	*Of which SMEs*	—	—										
80	*Households*	—	—										
90	**Debt securities**	**510**	**510**										
100	*Central banks*	—	—										
110	*General governments*	510	510										
120	*Credit institutions*	—	—										
130	*Other financial corporations*	—	—										
140	*Non-financial corporations*	—	—										
150	**Off-balance-sheet exposures**	**71**											
160	*Central banks*	—											
170	*General governments*	—											
180	*Credit institutions*	—											
190	*Other financial corporations*	71											
200	*Non-financial corporations*	—											

		a	b	c	d	e	f	g	h	i	j	k	l
		Gross carrying amount / nominal amount											
		Performing exposures			Non performing exposures								
			Not past due or past due ≤ 30 days	Past due > 30 days ≤ 90 days		Unlikely to pay that are not past due or are past due ≤ 90 days	Past due > 90 days ≤ 180 days	Past due > 180 days ≤ 1 year	Past due > 1 year ≤ 2 years	Past due > 2 years ≤ 5 years	Past due > 5 years ≤ 7 years	Past due > 7 years	Of which defaulted
210	*Households*	—											
220	***Total***	23,774	23,703										

The following table shows the exposure value and risk-weighted exposure amount for CVA by approach as at 31 December 2021 for BofASE SA.

Table A2.T6. – EU CCR2 Transactions Subject to Own Funds Requirements for CVA Risk

		a	b
		Exposure value	RWEA
1	Total transactions subject to the Advanced method	—	—
2	(i) VaR component (including the 3× multiplier)		—
3	(ii) stressed VaR component (including the 3× multiplier)		—
4	Transactions subject to the Standardised method	12,495	4,166
EU-4	Transactions subject to the Alternative approach (Based on the Original Exposure Method)	—	—
5	**Total transactions subject to own funds requirements for CVA risk**	12,495	4,166

The following table shows a breakdown of CCR exposures under the standardised approach, by exposure class and risk weight as at 31 December 2021 for BofASE SA.

Table A2.T7. – CCR3 Standardised Approach – CCR Exposures by Regulatory Exposure Class and Risk Weights

	Exposure classes	Risk weight											
		a	b	c	d	e	f	g	h	i	j	k	l
		0%	2%	4%	10%	20%	50%	70%	75%	100%	150%	Others	Total exposure value
1	Central governments or central banks	6,194	—	—	—	—	—	—	—	45	—	—	6,239
2	Regional government or local authorities	140	—	—	—	—	—	—	—	—	—	—	140
3	Public sector entities	527	—	—	—	—	—	—	—	—	—	—	527
4	Multilateral development banks	—	—	—	—	—	—	—	—	—	—	—	—
5	International organisations	52	—	—	—	—	—	—	—	—	—	—	52
6	Institutions	—	4,033	—	—	1,165	1,375	—	—	33	—	—	6,606
7	Corporates	—	—	—	—	295	2,217	—	—	11,029	5	—	13,545
8	Retail	—	—	—	—	—	—	—	—	—	—	—	—
9	Institutions and corporates with a short-term credit assessment	—	—	—	—	2,141	3,867	—	—	361	14	—	6,383
10	Other items	—	—	—	—	—	—	—	—	—	—	—	—
11	**Total exposure value**	6,912	4,033	—	—	3,601	7,458	—	—	11,468	19	—	33,491

The following table shows the breakdown of all types of collateral posted or received to support or reduce CCR exposures related to derivative transactions or to SFTs as at 31 December 2021 for BofASE SA.

Table A2.T8. – EU CCR5 Composition of Collateral for CCR Exposures

		a	b	c	d	e	f	g	h
		Collateral used in derivative transactions				Collateral used in SFTs			
	Collateral type	Fair value of collateral received		Fair value of posted collateral		Fair value of collateral received		Fair value of posted collateral	
		Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated	Segregated	Unsegregated
1	Cash – domestic currency	—	7,990	—	3,699	—	64,151	—	68,053
2	Cash – other currencies	—	1,687	—	4,491	—	8,916	—	10,258
3	Domestic sovereign debt	—	722	334	358	—	10,877	—	12,833
4	Other sovereign debt	—	1,793	481	947	—	58,695	—	57,197
5	Government agency debt	—	—	—	—	—	1,716	—	363
6	Corporate bonds	—	—	—	—	—	1,723	—	1,886
7	Equity securities	—	—	—	—	—	4,300	—	4,828
8	Other collateral	—	—	—	—	—	190	—	262
9	**Total**	—	12,192	815	9,495	—	150,569	—	155,680

The following table shows exposures to credit derivative transactions broken down between derivatives bought or sold as at 31 December 2021 for BofASE SA.

Table A2.T9. – EU CCR6 Credit Derivatives Exposures

		a	b
		Protection bought	Protection sold
Notionals			
1	Single-name credit default swaps	7,710	7,941
2	Index credit default swaps	32,968	30,997
3	Total return swaps	2,825	1,064
4	Credit options	8,055	9,805
5	Other credit derivatives	—	—
6	**Total notionals**	51,557	49,807
Fair values			
7	Positive fair value (asset)	372	1,609
8	Negative fair value (liability)	(1,699)	(268)

The following table shows the breakdown of exposures to qualifying CCPs ("QCCPs") and non-qualifying CCPs as at 31 December 2021 for BofASE SA.

Table A2.T10. – EU CCR8 Exposures to CCPs

		a	b
		Exposure value	RWEA
1	**Exposures to QCCPs (total)**		199
2	Exposures for trades at QCCPs (excluding initial margin and default fund contributions); of which	3,943	79
3	(i) OTC derivatives	1,001	20
4	(ii) Exchange-traded derivatives	1,638	33
5	(iii) SFTs	1,305	26
6	(iv) Netting sets where cross-product netting has been approved	—	—
7	Segregated initial margin	—	
8	Non-segregated initial margin	90	2
9	Prefunded default fund contributions	579	118
10	Unfunded default fund contributions	—	—
11	**Exposures to non-QCCPs (total)**		—
12	Exposures for trades at non-QCCPs (excluding initial margin and default fund contributions); of which	—	—
13	(i) OTC derivatives	—	—
14	(ii) Exchange-traded derivatives	—	—
15	(iii) SFTs	—	—
16	(iv) Netting sets where cross-product netting has been approved	—	—
17	Segregated initial margin	—	
18	Non-segregated initial margin	—	—
19	Prefunded default fund contributions	—	—
20	Unfunded default fund contributions	—	—

The following table shows a breakdown of the amounts of the constituent elements of the prudent valuation adjustment as at 31 December 2021 for BofASE SA.

Table A2.T11. – EU PV1 Prudent Valuation Adjustments (PVA)

		a	b	c	d	e	EU e1	EU e2	f	g	h
		Risk category					Category level AVA Valuation uncertainty		Total category level post diversification	Of which: Total core approach in the trading book	Of which: Total core approach in the banking book
	Category level AVA	Equity	Interest Rates	Foreign exchange	Credit	Commodities	Unearned credit spreads AVA	Investment and funding costs AVA			
1	Market price uncertainty	33	28	2	6	—	11	4	42	35	7
2	Not applicable										
3	Close-out cost	17	13	1	5	—	—	—	18	17	—
4	Concentrated positions	2	1	—	1	—			4	4	—
5	Early termination	—	—	—	—	—			—	—	—
6	Model risk	1	1	—	—	—	13	—	7	1	7
7	Operational risk	3	2	—	1	—			6	5	1
8	Not applicable										
9	Not applicable										
10	Future administrative costs	—	—	—	—	—			—	—	—
11	Not applicable										
12	**Total Additional Valuation Adjustments (AVAs)**								76	62	14

BofASE SA does not follow the IRB approach and does not have an IMM approval. Therefore no IRB or IMM related templates are disclosed.

BofASE SA is subject to the requirements of part eight of CRR on an individual basis. Therefore template EU LI3 (Outline of the differences in the scopes of consolidation) is not disclosed.

The following templates have not been disclosed as BofASE SA has no relevant exposures to report:

- EU CR2 changes in the stock of non-performing loans and advances

- EU CQ1 credit quality of forborne exposures
- EU CQ7 collateral obtained by taking possession and execution processes

BofASE SA does not have any exposures classified as non-performing. Therefore in accordance with the EBA's Implementing Technical Standards ("ITS") on public disclosure, the following templates are not required to be disclosed:

- EU CR2a changes in the stock of non-performing loans and advances and related net accumulated recoveries
- EU CQ2 quality of forbearance
- EU CQ6 collateral valuation – loans and advances
- EU CQ8 Collateral obtained by taking possession and execution processes – vintage breakdown

Appendix 3 – Index

Table A3.T1. – Index

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
431	Disclosure requirements and policies	431(1)	Requirement to publish Pillar 3 disclosures	Section 1.2. Basis of Preparation	8
		431(2)	Firms with permission to use specific instruments and methodologies under Title III must disclose relevant information	Section 4.3.5. Compliance and Operational Risk (Not Applicable - BofASE SA uses Standardised Approach for Operational Risk as referenced in this section)	51
		431(3)	Institutions shall adopt a formal policy to comply with the disclosure requirements in Part Eight of CRR	Section 1.3. Disclosure Policy	12
		431(4)	All quantitative disclosures shall be accompanied by a qualitative narrative and any other supplementary information for the users to understand the quantitative disclosures, noting any significant change in any given disclosure compared to the information contained in the previous disclosures	Throughout document accompanying quantitative disclosures	n/a
		431(5)	Explanation of ratings decision upon request	Not Applicable	n/a
432	Non-material, proprietary or confidential information	432(1)	Institutions may omit information that is not material if certain conditions are respected	Section 4.4.7. Equities Exposures in the Non-Trading Book Section 5.4. Securitisation	57, 71
		432(2)	Institutions may omit information that is proprietary or confidential if certain conditions are respected	Section 1.1. Overview and Purpose of Document (Not Applicable - BofASE SA has not omitted any information which is proprietary or confidential.)	8
		432(3)	Where 432(2) applies this must be stated in the disclosures, and more general information must be disclosed		
433	Frequency and scope of disclosures	433	Disclosures must be published in the manner and frequency set out in Articles 433a, 433b and 433c Annual disclosures to be published on the same date as the date on which institutions publish their financial statements or as soon as possible thereafter Semi-annual and quarterly disclosures to be published on the same date as the date on which the institutions publish their financial reports for the corresponding period where applicable or as soon as possible thereafter Any delay between the date of publication of the disclosures and the relevant financial statements shall be reasonable	Section 1.2. Basis of Preparation	8
433a	Disclosures by large institutions	433a(1)(a)-(c)	Large institutions shall disclose the information outlined on an annual, semi-annual, and quarterly basis	Not applicable - BofASE SA is subject to the derogation outlined in 433a(2)	n/a
		433a(2)	Large Institutions other than G-SIIs that are non-listed shall disclose all information per Part 8 annually, and key metrics per Article 447 semi-annually	Section 1.2. Basis of Preparation	8
		433a(3)	Large institutions subject to Article 92a or 92b shall disclose the information required under Article 437a on a semi-annual basis, except for the key metrics referred to in point (h) of Article 447, which are to be disclosed on a quarterly basis	Not applicable - Art 92a and 92b not applicable to BofASE SA	n/a
433b	Disclosures by small and non-complex institutions	433b (1) - (2)	Small and non-complex institutions shall disclose information outlined below with the defined frequency	Not applicable - BofASE SA is not a small non-complex institution	n/a
433c	Disclosures by other institutions	433c (1) - (2)	Institutions that are not subject to Article 433a or 433b shall disclose the information outlined with the defined frequency	Not applicable - BofASE SA is subject to 433a(2)	n/a
434	Means of disclosures	434(1)	To include all disclosures in one appropriate medium, or provide clear cross-references	Section 1.2. Basis of Preparation Section 1.3. Disclosure Policy The remuneration disclosure is published separately and is signposted in Section 6. Additional Information on Remuneration Disclosure of this document	8, 12, 87
		434(2)	Institutions shall make available on their website an archive of Pillar 3 disclosutes which shall be kept accessible for a period of time that shall be no less than the storage period set by national law for information included in the institutions' financial reports	Section 1.2. Basis of Preparation	8
434a	Uniform disclosure formats	434a	EBA shall develop draft implementing technical standards specifying uniform disclosure formats	Not applicable - information only, no disclosure requirement	n/a

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
435	Disclosure of risk management objectives and policies	435(1)(a)-(d)	Objectives and policies for each separate category of risk	Section 4.3. Key Risk Types Section 4.4. Other Risk Considerations	39, 55
		435(1)(e)	Risk declaration	Section 4.2.6. Risk Declaration	39
		435(1)(f)	Risk statement	Section 4.2.2. Risk Statement and Risk Appetite	34
		435(2)(a)	Number of directorships held by directors	Appendix 1 - Directors Board Membership and Experience	90
		435(2)(b)	Directors' knowledge, skills and experience	Appendix 1 - Directors Board Membership and Experience	90
		435(2)(b)-(c)	BofASE SA Board recruitment and diversity policy	Section 4.2.5. Risk Governance	37
		435(2)(d)-(e)	BofASE SA Risk Committees and risk information	Section 4.2.5. Risk Governance	37
436	Disclosure of the scope of application	436(a)	Name of institution	Section 1.1. Overview and Purpose of Document	8
		436(b)	A reconciliation between the consolidated financial statements prepared in accordance with the applicable accounting framework and the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation; that reconciliation shall outline the differences between the accounting and regulatory scopes of consolidation and the legal entities; the outline of the legal entities included within the regulatory scope of consolidation shall describe the method of regulatory consolidation where it is different from the accounting consolidation method, whether those entities are fully or proportionally consolidated and whether the holdings in those legal entities are deducted from own funds	Section 1.2. Basis of Preparation (not applicable as requirements of part eight are applied on an individual basis and BofASE SA has no subs)	8
		436(c)	Breakdown of assets and liabilities of the consolidated financial statements prepared in accordance with the requirements on regulatory consolidation, broken down by type of risks	Table 1.2.1.T1. – EU LI1 Differences between Accounting and Regulatory Scopes of Consolidation and the Mapping of Financial Statement Categories with Regulatory Risk Categories	10
		436(d)	Reconciliation identifying the main sources of differences between the carrying value amounts in the financial statements, and the exposure amount used for regulatory purposes; that reconciliation shall be supplemented by qualitative information on those main sources of differences	Table 1.2.2.T1. – EU LI2 Main Sources of Differences between Regulatory Exposure Amounts and Carrying Values in Financial Statements	11
		436(e)	A breakdown of the amounts of the constituent elements of an institution's prudent valuation adjustment, by type of risks, and the total of constituent elements separately for the trading book and non-trading book positions	Table A2.T11. – EU PV1 Prudent Valuation Adjustments (PVA)	104
		436(f)	Impediments to transfer of own funds between parent and subsidiaries	Section 2.1.3. Transferability of Capital within the Group	16
		436(g)	Capital shortfalls in any subsidiaries outside the scope of consolidation	Not applicable as requirements of part eight are applied on an individual basis and BofASE SA has no subs	n/a
		436(h)	Use of articles on derogations from a) prudential requirements or b) liquidity requirements for individual subsidiaries	Not Applicable as derogations are not used	n/a
437	Disclosure of own funds	437(1)(a)	Reconciliation of regulatory capital amounts to balance sheet	Table 5.6.T1. – EU CC2 - Reconciliation of Regulatory Own Funds to Balance Sheet in the Audited Financial Statements	77
		437(1)(b)	Description of the main features of Capital Instruments issued	Table 5.6.1.T1. – EU CCA: Main Features of Regulatory Own Funds Instruments and Eligible Liabilities Instruments	78
		437(1)(c)	Full terms and conditions of Capital Instruments issued		
		437(1)(d)-(e)	Disclosure of prudential filters, deductions, and any restrictions applied to the calculation of own funds	Table 5.6.2.T1. – EU CC1 - Composition of Regulatory Own Funds	80
		437(1)(f)	Where institutions disclose capital ratios calculated using elements of own funds determined on a different basis	Section 5.5. Capital Buffers Section 5.6. Capital Resources (Not Applicable - BofASE SA does not disclose capital ratios calculated using elements of own funds on a different basis)	72, 76
437a	Disclosure of own funds and eligible liabilities	437a (a) - (d)	Institutions that are subject to Article 92a or 92b shall disclose the following information regarding their own funds and eligible liabilities: (a) the composition of their own funds and eligible liabilities, their maturity and their main features (b) the ranking of eligible liabilities in the creditor hierarchy (c) the total amount of each issuance of eligible liabilities instruments referred to in Article 72b and the amount of those issuances that is included in eligible liabilities items within the limits specified in Article 72b(3) and (4) (d) the total amount of excluded liabilities referred to in Article 72a(2)	Arts 92a and 92b are not applicable to BofASE SA	n/a

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
438	Disclosure of own funds requirements and risk-weighted exposure amount	438(a)	Approach to assessing adequacy of capital levels	Section 2.4. Capital Management	20
		438(b)	Own funds based on supervisory review, and composition in terms of CET1, additional Tier 1 and Tier 2 instruments	Table 2.1.2.T1. – EU KM1 Key Metrics Template	15
		438(c)	upon demand, the result of the institution's internal capital adequacy assessment process	Not applicable - No demand has been made by the competent authority for BofASE SA to include ICAAP results in the Pillar 3 disclosure	n/a
		438(d)	The total risk-weighted exposure amount and the corresponding total own funds requirement, to be broken down by the different risk categories and, where applicable, an explanation of the effect on the calculation of own funds and risk-weighted exposure amounts that results from applying capital floors and not deducting items from own funds	Table 2.2.2.T1. – EU OV1 Overview of Risk Weighted Exposure Amounts	18
		438(e)	on- and off-balance-sheet exposures, the risk-weighted exposure amounts and associated expected losses for each category of specialised lending and equity exposures	Not Applicable - BofASE SA does not have exposures to specialised lending and equity exposures under the simple risk weight approach	n/a
		438(f)	Capital amounts of own funds instruments held in any insurance undertaking, reinsurance undertaking or insurance holding company	Not applicable - BofASE SA does not hold any instruments in insurance or reinsurance undertakings	
		438(g)	Supplementary own funds requirement and the capital adequacy ratio of the financial conglomerate	Not applicable - BofASE SA is not a financial conglomerate	n/a
		438(h)	Variations in the risk-weighted exposure amounts of the current disclosure period compared to the immediately preceding disclosure period that result from the use of internal models	Table 5.2.T3. – EU MR 2-B RWA Flow Statement of Market Risk Exposures under the IMA	62
439	Disclosure of exposures to counterparty credit risk	439(a)	Discussion of process to assign internal capital and credit limits to CCR exposures	Section 4.3.2. Credit Risk	40
		439(b)	Discussion of policies related to guarantees and other credit risk mitigants, such as the policies for process to secure collateral and establishing reserves		
		439(c)	Discussion of management of wrong-way exposures	Section 4.4.1. Wrong-Way Risk	55
		439(d)	Discussion of collateral to be provided in the event of a ratings downgrade	Section 4.4.2. Impact of a Credit Rating Downgrade on OTC Collateral	56
		439(e)	Amount of segregated and unsegregated collateral received and posted per type of collateral, further broken down between collateral used for derivatives and securities financing transactions	Table A2.T8. – EU CCR5 Composition of Collateral for CCR Exposures	100
		439(f)	For derivative transactions, exposure values before and after the effect of the credit risk mitigation and associated risk exposure amounts broken down by applicable method	Table 5.3.3.T1. – EU CCR1 – Analysis of CCR Exposure by Approach	70
		439(g)	For securities financing transactions, exposure values before and after the effect of the credit risk mitigation and associated risk exposure amounts broken down by applicable method		
		439(h)	The exposure values after credit risk mitigation effects and the associated risk exposures for credit valuation adjustment	Table A2.T6. – EU CCR2 Transactions Subject to Own Funds Requirements for CVA Risk	101
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		439(k)	Estimate of alpha, if applicable	Table 5.3.3.T1. – EU CCR1 – Analysis of CCR Exposure by Approach	70
		439(l)	Separately, the exposure values and the exposure values after credit risk mitigation associated with each credit quality step, by exposure class, as well as the exposure values deducted from own funds and point (g) of Article 452 (IRB approach to credit risk)	Table A2.T7. – CCR3 Standardised Approach – CCR Exposures by Regulatory Exposure Class and Risk Weights	99
		439(m)	For institutions using the Simplified standardised approach for counterparty credit risk or the original exposure method, the size of their on- and off-balance-sheet derivative business as calculated in accordance with Article 273a(1) or (2), as applicable	Table 5.3.3.T1. – EU CCR1 – Analysis of CCR Exposure by Approach	70
440	Disclosure of countercyclical capital buffers	440	Countercyclical capital buffer	Section 5.5. Capital Buffers	72
441	Disclosure of indicators of global systemic importance	441	Disclosure of the indicators of global systemic importance	Section 1.1.1. BofASE SA (Not Applicable - BofASE SA has not been identified as being of global systemic importance)	8

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442	Disclosure of exposures to credit risk and dilution risk	442(a)	Definitions of past due and impaired	Section 5.3.4. Credit Quality of Assets	70
		442(b)	Approaches for calculating specific and general credit risk adjustments		
		442(c)	Information on the amount and quality of performing, non-performing and forborne exposures for loans, debt securities and off-balance-sheet exposures	Table A2.T1. – EU CR1 Performing and Non-performing Exposures and Related Provisions	90
				Table A2.T5. – EU CQ3 Credit quality of performing and non-performing exposures by past due days	97
				Table 5.3.2.T1. – EU CQ4: Quality of Non-performing Exposures by Geography	69
				Table 5.3.1.T1. – EU CQ5: Credit Quality of Loans and Advances to Non-financial Corporations by Industry	68
		442(d)	Ageing analysis of accounting past due exposures	Table A2.T5. – EU CQ3 Credit quality of performing and non-performing exposures by past due days	97
		442(e)	Gross carrying amounts of defaulted and non-defaulted exposures, accumulated specific and general credit risk adjustments, accumulated write-offs taken against those exposures and net carrying amounts and their distribution by geographical area and industry type and for loans, debt securities and off-balance-sheet exposures	Table 5.3.1.T1. – EU CQ5: Credit Quality of Loans and Advances to Non-financial Corporations by Industry	68
				Table 5.3.2.T1. – EU CQ4: Quality of Non-performing Exposures by Geography	69
		442(f)	Changes in the gross amount of defaulted on- and off-balance-sheet exposures, including opening and closing balances and gross amount of any exposures reverted to non-defaulted status or subject to a write-off	Table A2.T1. – EU CR1 Performing and non-performing exposures and related provisions	90
		442(g)	Breakdown of loans and debt securities by residual maturity	Table 5.3.2.T2. – EU CR1-A: Maturity of Exposures	69
443	Unencumbered assets	443	Encumbered and unencumbered assets	Section 3.2. Encumbered and Unencumbered Assets	23
444	Disclosure of the use of the Standardised Approach	444(a)	Names of the ECAIs used in the calculation of Standardised approach risk-weighted assets and reasons for any changes	Section 2.2.1. Summary of 2021 Capital Requirement	16
		444(b)	Exposure classes associated with each ECAI		
		444(c)	Description of the process used to transfer credit assessments to non-trading book items		
		444(d)	Mapping of external rating to CQS		
		444(e)	Exposure value pre and post-credit risk mitigation, by CQS	Table 5.3.3.T1. – EU CCR1 – Analysis of CCR Exposure by Approach Table A2.T3. – EU CR4 Standardised Approach - Credit Risk Exposure and CRM Effects Table A2.T4. – EU CR5 Standardised Approach	70, 95, 96
445	Disclosure of exposure to market risk	445	Information on i**nterest rate risk (general and specific), equity risk (general and specific), FX risk, commodity risk, options (Simplified**, Delta Plus and Scenario approaches) and **Securitisation (specific risk)**	Table 5.2.T1. – EU MR1 Market Risk under the Standardised Approach	61
446	Disclosure of operational risk management	446(a)	Institutions shall disclose the following information about their operational risk management: (a) the approaches for the assessment of own funds requirements for operation risk that the institution qualifies for;	Section 2.2.1. Summary of 2021 Capital Requirement Table 5.8.T1. – EU OR1 Operational risk own funds requirements and risk-weighted exposure amounts	16,86
		446(b)	(b) where the institution makes use of it, a description of the methodology set out in Article 312(2), which shall include a discussion of the relevant internal and external factors being considered in the institution's advanced measurement approach;	BofASE SA does not use the advanced measurement approach for Operational Risk	n/a
		446(c)	(c) in the case of partial use, the scope and coverage of the different methodologies used.	BofASE SA does not use, or make partial use of, the advanced measurement approach for Operational Risk	n/a
447	Disclosure of key metrics	447(a)	Composition of own funds requirements	Table 2.1.2.T1. – EU KM1 Key Metrics Template	15
		447(b)	Total risk exposure amount		
		447(c)	Additional own funds requirements based on SREP		
		447(d)	Combined capital buffer requirement		
		447(e)	Leverage ratio and the total exposure measure		
		447(f)	Information in relation to the liquidity coverage ratio		
		447(g)	Information in relation to the net stable funding requirement		
		447(h)	Own funds and eligible liabilities ratios and their components, numerator and denominator, as calculated in accordance with Articles 92a and 92b, where applicable		

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
448	Disclosure of exposures to interest rate risk on positions not held in the trading book	448(1)(a)	Changes in the economic value of equity calculated under six supervisory shock scenarios for the current and previous disclosure periods	Section 4.3.3. Market Risk “Exposures to Interest Rate Risk on positions not held in the trading book” section	48
		448(1)(b)	Changes in the net interest income calculated under two supervisory shock scenarios for the current and previous disclosure periods		
		448(1)(c)	Description of key modelling and parametric assumptions used to calculate changes in the economic value of equity and in the net interest income required under points (a) and (b)		
		448(1)(d)	Explanation of the significance of the risk measures disclosed under points (a) and (b) of this paragraph and of any significant variations of those risk measures since the previous disclosure reference date		
		448(1)(e)	Description of how the interest rate risk of nontrading book activities is defined, measured, mitigated, and controlled, including: (i) description of the specific risk measures used to evaluate changes in economic value of equity and in net interest income; (ii) description of the key modelling and parametric assumptions used in internal measurement systems; (ii) description of the interest rate shock scenarios used to estimate the Interest Rate Risk; (iv) recognition of the effect of hedges against Interest Rate Risks; and (v) an outline of how often the evaluation of the Interest Rate Risk occurs		
		448(1)(f)	Description of the overall risk management and mitigation strategies for Interest Rate Risk		
		448(1)(g)	Average and longest repricing maturity assigned to non-maturity deposits		
		448(2)	By way of derogation from paragraph 1 of this Article, the requirements set out in points (c) and (e)(i) to (e)(iv) shall not apply to institutions that use the standardised methodology or the simplified standardised methodology		
449	Disclosure of exposures to securitisation positions	449(a)	Description of securitisation and re-securitisation activities	Section 5.4. Securitisation As at 31 December 2021, BofASE SA had an immaterial amount of exposure as investor in securitisations. BofASE SA has not acted as an originator or sponsor to any securitisations. Based on materiality no further disclosures for exposure to securitisation positions are made in this document.	71
		449(b)	Type of risks that there is exposure to in securitisation and re-securitisation activities		
		449(c)	Approaches for calculating the risk-weighted exposure amounts that they applied to securitisation activities		
		449(d)	A list of Securitisation Special Purpose Entities ("SSPEs") falling into any of the following categories, with a description of their types of exposures to those SSPEs, including derivative contracts: (i) SSPEs which acquire originated exposures (ii) Sponsored SSPEs (iii) SSPEs and other legal entities for which securitisation-related services, such as advisory, asset servicing or management services, are provided (iv) SSPEs included in regulatory scope of consolidation		
		449(e)	Any legal entities to which support has been disclosed as having been provided		
		449(f)	List of affiliated legal entities that invest in originated securitisations or in securitisation positions issued by sponsored SSPEs		
		449(g)	Summary of their accounting policies for securitisation activity, including where relevant a distinction between securitisation and re-securitisation positions		
		449(h)	Names of the ECAIs used for securitisations and the types of exposure for which each agency is used		
		449(i)	Where applicable, a description of the Internal Assessment Approach including the structure of the internal assessment process and the relation between internal assessment and external ratings		
		449(j)	Separately for the trading book and the non-trading book, the carrying amount of securitisation exposures, including information on transfer of significant credit risk		
		449(k)(i)	For non-trading book activities, the aggregate amount of securitisation positions as originator or sponsor and the associated risk-weighted assets and capital requirements by regulatory approaches		
		449(k)(ii)	For non-trading book activities, the aggregate amount of securitisation positions as investor and the associated risk-weighted assets and capital requirements by regulatory approaches		
		449(l)	For exposures securitised by the institution, the amount of exposures in default and the amount of the specific credit risk adjustments made during the current period, both broken down by exposure type		
449a	Disclosure of environmental, social and governance risks (ESG risks)	449a	Large institutions which have issued securities in a regulated market of a Member State shall disclose information on ESG risks, including physical risks and transition risks	N/A - Art 449 does not apply to BofASE SA	n/a

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
450	Disclosure of remuneration policy	450	Remuneration Disclosure	Section 6.1. Remuneration Disclosure	88
451	Disclosure of the leverage ratio	451(1)(a)	The leverage ratio, and whether any transitional provisions are applied	Section 2.5.1. Summary Table 2.5.1.T1. – Leverage Ratio	21
		451(1)(b)	Breakdown of leverage ratio exposure measure and reconciliation to financial statements	Section 5.7.2. Additional Detail on Leverage Ratio	83
		451(1)(c)	Where applicable, the amount of derecognised fiduciary items	Section 5.7.1. Leverage Approach (Not Applicable - As at 31 December 2021, BofASE SA does not have any derecognised fiduciary items)	83
		451(1)(d)	Description of the processes used to manage the risk of excessive leverage	Section 5.7.3. Management of Risk of Excessive Leverage	86
		451(1)(e)	Factors that impacted the leverage ratio during the year	Section 2.5.2. Key Movements in 2021	21
		451(2)	Public development credit institutions shall disclose the leverage ratio without the adjustment to the total exposure measure	Not applicable - BofA Europe is not a public development credit institution	n/a
		451(3)	In addition to points (a) and (b), large institutions shall disclose the leverage ratio and the breakdown of the total exposure measure based on averages	Table 5.7.2.T2. – EU LR2 - LRCom: Leverage Ratio Common Disclosure	83
451a	Disclosure of liquidity requirements	451a(1)	Institutions subject to Part Six shall disclose information on liquidity coverage ratio, net stable funding ratio and liquidity risk management in accordance with this Article	Information only	N/A
		451a(2)	Information in relation to the liquidity coverage ratio, including for the preceding 12 months for each quarter the average LCR based on end-of-the-month observations, average total liquid assets and averages of liquidity outflows, inflows and net liquidity outflows	Section 3.3. LCR Disclosures	25
		451a(3)	Information in relation to the net stable funding ratio, including quarter-end figures of net stable funding ratio for each quarter of the relevant disclosure period and overviews of the amounts of both available and required stable funding	Section 3.4. NSFR Disclosures	27
		451a(4)	Arrangements, systems, processes and strategies put in place to identify, measure, manage and monitor their liquidity risk	Section 4.3.4. Liquidity Risk	50
452	Disclosure of the use of the IRB Approach to credit risk	452(a)	Permission for use of the IRB approach from the competent authority	Section 2.1.1. Summary of 2021 Capital Resources - BofASE SA uses the standardised approach for calculating Credit Risk exposures)	15
		452(b)	For each exposure class, percentage of the total exposure value of each exposure class subject to the Standardised Approach as well as the part of each exposure class subject to a roll-out plan		
		452(c)(i)-(iv)	Control mechanisms for rating systems at the different stages of model development, controls and changes, including information on (i) relationship between the risk management function and the Corporate Audit function; (ii) Rating system review; (iii) procedure to ensure the independence of the function in charge of reviewing the models from the functions responsible for the development of the models; and (iv) procedure to ensure the accountability of the functions in charge of developing and reviewing the models		
		452(d)	Role of the functions involved in the development, approval and subsequent changes of the credit risk models		
		452(e)	Scope and main content of the reporting related to credit risk models		
		452(f)(i)-(iii)	Description of the internal ratings process by exposure class, including the number of key models used with respect to each portfolio and a brief discussion of the main differences between the models within the same portfolio, covering (i) definitions, methods and data for estimation and validation of PD; (ii) the definitions, methods and data for estimation and validation of LGD; and (iii) definitions, methods and data for estimation and validation of conversion factors		
		452(g)(i)-(v)	In relation to each exposure class: (i) gross on-balance-sheet exposure; (ii) off-balance-sheet exposures prior to the conversion factors; (iii) exposures after applying the relevant conversion factor and credit risk mitigation; (iv) any model, parameter or input relevant for the understanding of the risk weighting and the resulting risk exposure amounts; and (v) values referred to in points (i) to (iv) where permission received to use own LGDs and conversion factors for the calculation of risk-weighted exposure amounts		

Article	Article Name	Article Reference Detail	Description	Document Reference	Page Reference
453	Disclosure of the use of credit risk mitigation techniques	453(a)	Use of on and off-balance-sheet netting	Section 4.3.2. Credit Risk	40
		453(b)	Eligible collateral evaluation and management		
		453(c)	Types of collateral used		
		453(d)	Main types of guarantor and credit derivative counterparty, and creditworthiness		
		453(e)	Market or credit risk concentrations within credit mitigation taken		
		453(f)	Total exposure value not covered by any eligible credit protection and the total exposure value covered by eligible credit protection after applying volatility adjustments	Table A2.T2. – EU CR3 CRM Techniques Overview: Disclosure of the Use of Credit Risk Mitigation Techniques	94
		453(g)	Corresponding conversion factor and credit risk mitigation associated with the exposure and the incidence of credit risk mitigation techniques with and without substitution effect	Table A2.T3. – EU CR4 Standardised approach - Credit risk exposure and CRM effects	95
		453(h)	On- and off-balance-sheet exposure value by exposure class before and after the application of conversion factors and any credit risk mitigation		
		453(i)	For each exposure class, risk-weighted exposure amount and ratio between risk-weighted exposure amount and exposure value after applying conversion factor and credit risk mitigation		
		453(j)	Risk-weighted exposure amount before and after recognition of the credit risk mitigation impact of credit derivatives under the IRB approach	Not applicable - BofASE SA does not use the IRB approach	n/a
454	Disclosure of the use of the Advanced Measurement Approaches to operational risk	454	For institutions using the Advanced Measurement Approaches to operational risk, a description of the use of insurance or other risk transfer mechanisms to mitigate operational risk	Section 2.1.1. Summary of 2021 Capital Resources (Not applicable - BofASE SA uses the standardised approach for calculating Operational Risk)	15
455	Use of Internal Market Risk Models	455(a)(i)	Characteristics of the market risk models	Section 4.3.3. Market Risk Section 5.2. Market Risk Section 5.2.1. Internal Model Based Capital Requirement	44, 61, 63
		455(a)(ii)	Methodologies used to measure IRC and CRM		
		455(a)(iii)	Stress testing applied to the portfolios		
		455(a)(iv)	Approaches used for back-testing and model validation		
		455(b)	Scope of the internal model permission		
		455(c)	Policies and procedures for determining trading book classification and compliance with prudential valuation requirements	Section 5.2.1. Internal Model Based Capital Requirement	63
		455(d)	Highest, lowest and mean values over the year of VaR, SVaR, IRC and CRM	Table 5.2.1.T1. – EU MR3 IMA Values for Trading Portfolios	66
		455(e)	Market risk internal model based own funds requirements	Table 5.2.T2. – EU MR2-A Market Risk under the IMA	62
		455(f)	Weighted average liquidity horizon for portfolios covered by internal models for IRC and CRM	Section 4.3.3 Market Risk Section 5.2.1. Internal Model Based Capital Requirement - Incremental Risk Charge and Comprehensive Risk Measure subheadings	44,63
		455(g)	Comparison of end-of-day VaR measures compared with one day changes in the portfolio’s value	Figure 5.2.1.F1. – EU MR4 Comparison of VaR Estimates with Gains / Losses	64