Registered number: 229165

BANK OF AMERICA EUROPE DAC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

DIRECTORS	C.P. Bessant (Non-executive director) (resigned 13 July 2023) O.T. Bussmann (Independent non-executive director) I.de Dinechin (Independent non-executive director) (appointed 7 March 2023) P.M. Donofrio (Non-executive director) S.A. James (Independent non-executive director) N.M. Jordan (Independent non-executive director) J.H. Lee R. McHugh (Independent non-executive director) B.A. Mensah (Non-executive director) J.G. Murphy (Non-executive director) (resigned 31 December 2023) F. Vicario
COMPANY SECRETARY	Merrill Lynch Corporate Services Limited
REGISTERED NUMBER	229165
REGISTERED OFFICE	Two Park Place Hatch Street Dublin 2
INDEPENDENT AUDITORS	Mazars Chartered Accountants and Statutory Audit Firm Block 3 Harcourt Centre Harcourt Road Dublin 2 Ireland

BANK OF AMERICA EUROPE DAC

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DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their Annual Report and the audited financial statements of Bank of America Europe Designated Activity Company ("BofA Europe", "the Company") for the year ended 31 December 2023.

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

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

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Irish company law requires the directors to prepare the financial statements for each financial year. The directors have prepared the financial statements in accordance with the Companies Act 2014 and Financial Reporting Standard 101 "Reduced Disclosure Framework".

Under company law, the directors must not approve the financial statements unless satisfied that they give a true and fair view of the assets, liabilities and financial position of the Company as at the financial end date, the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

In preparing these financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for ensuring that the Company keeps adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

PRINCIPAL ACTIVITIES

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

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

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

FUTURE DEVELOPMENTS

In 2024, the Company intends to commence financially settled commodity derivatives trading as a new product offering for clients. BofA Europe will act in an intermediate capacity and so will not be exposed to any commodity market risk.

MARKET ENVIRONMENT

Geopolitical and Macroeconomic

The 2023 market environment was characterised by turmoil in the banking system, as bank failures early in the year caused stress through the banking system that significantly impacted asset prices and volatility. The situation drove investor caution, and 2023 saw record annual inflows into money market funds and government debt.

2023 was also dominated by the direction of interest rates, as central banks hiked policy rates in an effort to tame inflation. The sharp increase in inflation in the Euro Area and UK started to moderate towards the end of the year, but remained above central bank targets. Looking ahead to 2024, market expectations are that inflation will gradually reduce and central banks may therefore, start cutting rates.

From a macroeconomic standpoint, the main global economic blocks gradually began to decouple, both in terms of growth and inflation. There was a divergence in outlook as the US economy remained strong, however both stagnating growth in Europe and weak growth in China proved to be a key concern for investors and corporates.

Geopolitical risk continued to rise in 2023, driven by the continued conflict between Russia and Ukraine, tensions between China and Hong Kong/Taiwan, and ongoing tensions between the US and China. Additionally, instability in the Middle East, instigated by the conflict between Israel and Hamas, continues to develop and has the potential to broaden in scope.

The macroeconomic and geopolitical environment suppressed deal activity in primary markets, where full year global Investment Banking ("IBK") fees ended the year at the lowest level in over a decade. In EMEA markets, Mergers & Acquisitions (“M&A”) activity was down, and the year ended with the lowest announced M&A volumes since 2009. However, there were signs of reopening in capital markets – EMEA Equity and Debt capital markets volumes were up versus the prior year, but still remained below historical levels.

Cybersecurity

The Board has engaged in reviewing the comprehensive Global Information Security ("GIS") Programme throughout the year. The Company has adopted this programme and together with the Information Security Enterprise Policy, has established a risk-based security framework designed to protect the confidentiality, integrity and availability of information assets and resources. The programme is designed to provide the necessary requirements to enable the BAC Group to prepare, prevent, detect, respond, and recover from increasing challenges in the threat landscape. The Information Security Policy, and standards are applicable across the Enterprise and third-party suppliers and are supported by a sustained investment programme across human and technical resources.

Cybersecurity risk and exposure remain heightened because of the evolving nature and pervasiveness of cyber threats and the BAC Group's prominent size and scale, high profile brand, geographic footprint and international presence and role in the financial services industry and the broader economy. The financial services industry is particularly at risk because of its role as a provider of critical payment services, the use of, and reliance on, digital banking and other digital services, including mobile banking products, such as mobile payments, and other web-end cloud-based products and applications and the development of additional remote connectivity solutions, which increase cybersecurity risks.

A cyberattack, information or security breach of the BAC Group or of a third party could adversely affect the ability to conduct business, manage exposure to risk, result in the disclosure and/or misuse of information and/or fraudulent activity and increase its operational and security systems and critical infrastructure costs.

In 2023, the Company did not experience any material losses or other material consequences relating to cyberattacks or other information or security breaches, whether directed at the Company or third parties.

CORPORATE GOVERNANCE

The Company is subject to the CBI Corporate Governance Requirements for Credit Institutions 2015 and additional obligations on High Impact designated credit institutions. The Company is also subject to the additional corporate governance obligations for credit institutions which are deemed significant for the purposes of the European Capital Requirements Directive IV ("CRD IV") as amended by Capital Requirements Directive V ("CRD V") and European Banking Authority Guidelines on internal governance under Directive 2013/36/EU. The Company's Board ("the Board") formally reviews the corporate governance structure of the Company, including its branches, on an annual basis to ensure that it meets regulatory and legal requirements and industry best practice.

PRINCIPAL RISKS AND UNCERTAINTIES

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

For details of the Company's risk management policies, see note 43.

RISK GOVERNANCE

The Board ensures suitable risk management and controls through the Board Risk Committee (“BRC”), Audit Committee, Nominations Committee, Remuneration Committee and Enterprise Management Risk Committee (“MRC”).

The BRC assists the Board in fulfilling its oversight responsibilities relating to senior management’s responsibilities regarding the identification of, management of, and planning for key risks of the Company.

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

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

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

The MRC reports to the BRC and is responsible for providing management oversight and approval of (or reviewing and recommending to the BRC) market risk, credit risk, (in conjunction with the Credit Risk Committee), operational risk (in conjunction with the Operational Risk Committee), balance sheet, capital and liquidity management (in conjunction with the Asset and Liability Committee ("ALCO")), country risk, stress testing and concentration risk management activities of the Company (including any branches).

REVIEW OF FINANCIAL STATEMENTS AND RELATED ESTIMATES AND JUDGEMENTS

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

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

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

RESULTS AND DIVIDENDS

The Company's profit on ordinary activities after taxation was $1,447 million (2022: $539 million) as set out in the income statement.

The directors do not recommend the payment of a dividend for the year ended 31 December 2023 (2022: $nil).

BUSINESS REVIEW

In comparison with the year ended 31 December 2022, profit on ordinary activities before taxation increased $1,125 million to $1,839 million.

Income

Total operating income increased by $992 million to $3,020 million. This reflects higher net interest income and net trading income made up of:

- net interest income was $518 million higher
- net fees and commission income was $108 million lower
- net trading income was $123 million higher
- financial instruments measured at fair value through profit or loss ("FVPL") was $173 million higher
- other operating income was $286 million higher

Expenses

Total operating expenses decreased $133 million to $1,181 million compared with the year ended 31 December 2022 comprised of:

- expected credit loss provisions were $186 million lower
- other expense were $53 million higher

Divisional performance

Results are derived from the Company's core Global Banking and Global Markets activities and its Support Services activities, which represent reportable segments. For information on the results of these activities, see note 4.

Global Banking and Global Markets contributed $2,771 million (2022: $1,850 million) of total operating income before expenses and impairment. The Support Services segment contributed $249 million (2022: $178 million) to total operating income before expenses and impairment.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2023

Summary income statement

	2023 $M	2022 $M	Change $M
Net interest, fee and commission income	**1,440**	1,030	410
Net trading and fair value income	**458**	162	296
Other operating income	**1,122**	836	286
Total operating income	**3,020**	2,028	992
Administrative expenses	**(809)**	(717)	(92)
Depreciation and other operating expenses	**(452)**	(491)	39
Impairment release/(charge) for credit losses	**80**	(106)	186
Profit before taxation	**1,839**	714	1,125

Net interest, fee and commission income

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

Net trading and fair value income

This income reflects the profits on the Company's trading asset portfolio as well as certain lending transactions which the Company has measured at FVPL.

Other operating income

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

Administrative expenses

Expenses are driven by compensation, overhead costs and direct trading-related costs.

Depreciation and other operating expenses

Depreciation expenses are incurred by the Company on property, plant and equipment and right of use assets used as part of its ongoing activities. Other operating expenses primarily relate to service fee expenses resulting from the purchase of services from other affiliates in the BAC Group. The charges are computed under arm's length principles reflecting the economic contribution of the affiliate in accordance with BAC Group's Global Transfer Pricing Policy.

Impairment release / (charge) for credit losses

This represents the charge or release arising from the provision for expected credit losses ("ECL") on the Company's lending businesses, including charge-offs.

Capital

Total eligible regulatory capital (exclusive of audited profits in both 2022 and 2023) increased from $14,221 million as at 31 December 2022 to $14,844 million as at 31 December 2023, which consisted of $12,844 million Tier 1 capital (2022: $12,221 million) and $2,000 million Tier 2 capital (2022: $2,000 million). The increase reflects the audited profits for the year ended 31 December 2022

The Company’s total capital ratio at 31 December 2023 as estimated was 25.0% (2022: 26.2%), significantly exceeding the minimum capital requirement.

Further information on the Company’s capital requirements under the CRD V is available in the Company’s Pillar 3 disclosure document.

Taxation

The Company’s effective tax rate for the year is 21.3% (2022: 24.5%) driven mainly by foreign tax liability arising from overseas branches in London, Frankfurt and Paris. For details of the factors affecting the tax charge for the year, see note 15.

Liquidity

The Company is subject to the Basel III liquidity requirements legislated by the European Commission’s Capital Requirement Regulations ("CRR") and CRD IV as amended by CRD V including rules implementing the requirement for credit institutions to comply with the Liquidity Coverage Ratio and Net Stable Funding Ratio.

The Company was in excess of its regulatory liquidity requirements in 2023.

POLITICAL CONTRIBUTIONS

The directors have satisfied themselves that there were no political contributions during the year (2022: $nil) that require disclosure under the Electoral Act 1997.

INDEPENDENT AUDITORS

The Independent Auditors, Mazars, Chartered Accountants and Statutory Audit Firm, have indicated their willingness to continue in office in accordance with section 383(2), of the Companies Act 2014 and a resolution that they be reappointed will be proposed at the Company's Annual General Meeting.

NON-FINANCIAL STATEMENT

Overview of Company and Policies

The Company's business model creates value for its stakeholders by providing a range of financial services to customers across EMEA. These operations expose the Company to a number of risks, including those of an environmental or social nature.

BAC Group’s Environmental and Social Risk Policy Framework (“ESRPF”) aligns with the Company’s Risk Framework and provides additional clarity and transparency regarding the Company's approach to environmental and social risks, inclusive of climate-related financial risk ("climate risk") and each employee’s responsibilities for risk management. Like all risks, environmental and social risks require coordinated governance, clearly defined roles and responsibilities, and well-developed processes to ensure they are identified, measured, monitored and managed appropriately and in a timely manner. Recognising that certain sectors are more sensitive to these types of risk, the Company evaluates the associated risks as appropriate.

Further information about BAC Group’s approach to sustainability matters can be accessed via the ESRPF at www.bankofamerica.com/ESRPF, Bank of America’s Task Force on Climate-related Financial Disclosures Report (the "TCFD Report") available at www.bankofamerica.com/TCFD, and Bank of America's Annual Report available at investor.bankofamerica.com/annual-reports-and-proxy-statements.

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

Environmental Matters

Climate risk is the risk that climate change or actions taken to mitigate climate change expose the Company to economic, operational or reputational harm. Climate-related risks are divided into two major categories, both of which span across the seven key risk types:

- *Physical Risk*: Risks related to the physical impacts of climate change, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as rising average global temperatures and sea levels, and

- *Transition Risk*: Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase the Company's risks, including credit risk by diminishing counterparties' repayment capacity or collateral values, and operational risk by negatively impacting the Company's facilities, employees, or vendors.

Transition risks of climate change may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Company or its counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk. Reputational risk can arise for the Company, if BAC does not meet its climate-related commitments and/or goals, or is perceived to be inadequately responsive to climate change.

No material climate-related risk variables impacting the financial position of the Company as at 31 December 2023 have been identified. For financial assets held at amortised cost, there has been no material impact of climate-related risks on the Company's allowances for expected credit losses. For financial instruments held at fair value, there have not been any adjustments to fair value specifically for climate-related risks.

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

Strategy

The Company, as part of BAC, is aligned to BAC's strategy. The tenets of Responsible Growth serve as the foundation for BAC's performance and progress. BAC adopted Responsible Growth in 2014 and has disclosed BAC's progress on its core tenets in BAC's Annual Report to shareholders ever since. In keeping with these core tenets, it is BAC's responsibility to guide BAC's clients through times of economic stability and times of stress.

In 2021, BAC committed to achieving Net Zero before 2050 in our financing activities, operations and supply chain (Net Zero goal), and in 2022, BAC released BAC's Approach to Zero™, a framework for how BAC will achieve its Net Zero goal. In line with this approach, BAC has set and will continue to set interim 2030 targets across BAC's financing activities (2030 Financing Activity Targets), operations and supply chain, all of which are further supported and complemented by BAC's $1.5 trillion by 2030 sustainable finance goal.

Further details on the strategy including BAC's commitment to achieving Net Zero before 2050 can be found in BAC's TCFD Report. The report also provides details on BAC's opportunities to mobilise and deploy capital through its 2030 $1.5 trillion sustainable finance goal (including $1 trillion to accelerate the transition towards a low-carbon economy), how global teams manage opportunities, and its delivery towards that goal through its Lines of Business ("LOBs"). The climate strategy and opportunities are managed at an Enterprise level and individual legal entities within the BAC Group contribute to this goal. The Company's approach to managing climate-related risks is detailed within the "Risk Management" section below.

Governance

The Company has adopted the BAC Risk Framework which establishes clear ownership and accountability for managing risk across the three lines of defence (i.e., LOBs, independent risk management and Internal Audit). Building off BAC's Risk Framework, an internal BAC Climate Risk Framework was created in 2023. The BAC Climate Risk Framework addresses how climate risk is identified, measured, monitored and controlled, and includes examples of how climate risk manifests across different risk types, as well as detailing the roles and responsibilities for climate risk management across the aforementioned three lines of defence. It is expected that the Climate Risk Framework will evolve over time as best practices in climate risk management continue to mature.

BAC manages its climate strategy through the BAC Board and its management committees as well as through sustainability-related strategic, risk and regulatory governance routines which operate in each region: EMEA , Latin America ("LATAM") and Asia Pacific ("APAC").

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

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

The Company's Board responsibilities include setting the risk strategy for the firm, and the Board has assigned oversight of the Company’s management of climate and environmental risks to its BRC. The Board and the committees that report to it regularly discuss climate-related and environmental topics. For example:

- The Board receives periodic presentations from management on the Company’s climate-related and environmental strategy, activities and opportunities.

- The BRC oversees climate and environmental risk. The Company's BRC receives a quarterly climate risk report as well as briefings on the topic of climate and environmental risk.

Key topics covered with the Board or its committees during 2023 included updates on addressing sustainability risks and opportunities, Key Performance Indicators ("KPIs"), a framework to avoid actual or perceived misrepresentation of the climate-related benefits of products and services, and the continued enhancements to and evolution of climate-related and environmental risk management efforts.

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

Risk Management

As climate and environmental risk spans across multiple risk types, the Company has developed and continues to enhance processes to embed climate and environmental risk considerations into risk management programmes. Capabilities are being built out to further enhance processes related to environmental risk management.

Effective management of climate and environmental risk requires coordinated governance, clearly defined roles and responsibilities and well-developed processes aimed at climate and environmental risk identification, measurement and monitoring and related controls.

- Risk Identification

  To be effectively managed, climate and environmental risk must be proactively identified and well understood. Risk identification is an ongoing process that incorporates input from stakeholders across LOBs and CFs with relevant expertise. It is designed to be forward-looking and to capture relevant risk factors to which the Company is or may be exposed. Risks are assessed and classified across short-term, medium-term or long-term time horizons. LOBs and CFs identify risks that are captured consistently in a risk inventory and reviewed quarterly.

- Risk Measurement

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

- Risk Monitoring

  To monitor physical and transition risk exposure across all seven risk types, climate risk has been embedded into existing risk management processes and integrated into climate risk metrics and reporting. This includes the delivery of both detailed metrics at the individual risk level as well as an aggregated, cross-risk report which is provided to the Company’s BRC and management via established governance routines.

- Risk Controls

  Climate and environmental risks are controlled using the risk identification, measurement, and monitoring tools to drive governance, policies, processes and testing efforts to manage and mitigate exposure to climate and environmental risk. Risk management policies have been updated to incorporate, where applicable, climate and environmental risk considerations to ensure appropriate controls across risk categories.

  The Company continues to build out and enhance its climate-related and environmental risk management capabilities in a proportionate way and in line with regulatory expectations.

Climate and Environmental Risk Management by Risk Type

Examples of how potential climate and environmental risks to the Company are managed are outlined below:

- Credit Risk

  An industry climate risk framework is used to classify the possible financial risks of climate change at the industry level. In 2023 these industry risk ratings were expanded from three to five categories. Additionally, potential risks faced and possible mitigations (such as emission reduction capabilities) to a 2030 time horizon were considered, in line with BAC's milestone 2030 Financing Activity Targets.

  The industry risk ratings are reviewed annually and integrated into the credit risk management processes, including the Industry Risk Guidance documents, which are a tool for client selection, onboarding and underwriting. In addition, a framework has been developed to assess climate-related risks to countries in which the Company does business.

  Given the complexities of assessing climate-related and environmental risk at a client level, a Center of Excellence has been created to steer the ongoing implementation of client level Climate and Environmental Risk Assessments (“CERAs"). The CERAs consider both industry, physical and transition risk ratings and country climate risk classifications, where relevant, and provide additional insight into a borrower’s response to climate and environmental risks, including the incorporation of mitigating factors such as insurance and management plans and expertise. CERA scores are then integrated into the underwriting and credit risk lifecycle.

- Market and Liquidity Risk

Climate-related impacts to the Company's Market and Liquidity Risk are measured and monitored at the issuer and portfolio level. Market risk sensitivities and price impacts are aggregated by sector and geographies across various asset classes to identify and monitor climate-sensitive concentrations which leverage both industry and country climate risk classifications.

In Market Risk, the Company deploys daily climate risk reporting that provides information on the concentration of exposure to higher risk industries and countries; a monthly dashboard that leverages a common enterprise taxonomy to consider the issuer's industry and country to track Key Risk Indicators ("KRIs"); and a monthly stress run for the purpose of risk identification. Stress tests are used to understand the impact of climate risks on trading portfolios, with a particular focus on identifying concentrations of risk. Metrics continue to be developed to take advantage of improved industry data and modelling for the measurement of both transition and physical risks.

Liquidity Risk undertakes climate risk assessments for key drivers of the Company's liquidity. Reporting includes metrics to track climate sensitive industry concentration in funding sources and uses.

- Compliance and Operational Risk

For climate-related operational and compliance risk, a specialised team is in place to assess risk, monitor business activities and processes, and report on the state of the control environment based on Enterprise policies and standards established by Global Compliance and Operational Risk ("GCOR").

The Company considers the risks posed by physical climate events and the chronic impacts of climate change in business continuity and resilience planning. Global Risk Management independently monitors business continuity controls in countries identified as having high climate risk and also provides independent oversight of certain other climate-related risks, such as reputational risks and risks associated with improper conduct.

- Reputational and Strategic Risk

The Company proactively identifies and monitors reputational risk arising from climate and broader sustainability risks through regional and reputational risk committees.

Additionally, LOBs and CFs leverage BAC's ESRPF, which provides clarity and transparency around how environmental and social risks are managed, to assess potential climate-related and environmental risks associated with transactions and business decisions more likely to result in reputational risk.

The Company's Strategic Plan is aligned with the capital, liquidity, and financial planning processes. It is also aligned with the Responsible Growth strategy and realisation of BAC's $1.5 trillion sustainable finance goal and so considers climate and environment related risks and opportunities identified by LOBs and CFs.

Assessing climate-related risk through scenario analysis

Scenario analysis is an important tool to understand how various risks and opportunities may manifest. The Company's scenario analysis considers both transition and physical risk, their impact on the Company's key risk types (such as credit risk, market risk and operational risk) and across different time horizons, covering short, medium and long term (30 years).

Various scenarios are evaluated to look at current and potential future vulnerabilities to climate-related risks such as introduction of climate policies and forward-looking assessments of potential climate impacts, including those associated with a 1.5°C, 2°C or >3°C rise in global temperatures. These scenarios are based on the Network for Greening the Financial System ("NGFS") Net Zero 2050, Delayed Transition and Current Policies scenarios. The scenario analysis focused on specific portfolios (commercial lending, trading, bank-owned and leased assets) and different risk types (credit, market, and operational) with a dynamic balance sheet forecast. The key metrics the Company assessed in these exploratory exercises included, but were not limited to, loan balance projections, net charge-offs, expected loss rates, and underlying drivers across key industries, as well as potential damage to physical assets and market risk losses caused by a sudden transition scenario.

The majority of the portfolio is concentrated in low and moderate risk sectors and while such analysis and stress testing to date has identified that certain industries have concentrations of risks, it has not highlighted any significant concentrations of highly climate sensitive exposures in the portfolio or vulnerabilities to the Company's current business model which would require any additional mitigating actions to be put in place. The Company expects to continue its scenario analysis efforts in the future through continuing to invest in people, data, models and methodologies as part of overall strong risk management practices.

Employee Matters

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

The Company is committed to creating an inclusive workplace where everyone has the same opportunities regardless of their gender, gender identity, gender expression, marital status, race, colour, nationality, ethnic or national origins, age, religion, sexual orientation, responsibility for dependants or physical or mental disability. As of 31 December 2023, there were three women (30%) and seven men on the BofA Europe Board, meeting the minimum requirement set out by the Nominations Committee. For 2024, following planned changes to board composition, the BofA Europe Board will be comprised of three women (33%) and six men (67%), meeting the minimum requirement for the underrepresented gender.

The Company maintains a mandatory training programme, underpinned by standard operating procedure and process, which is owned and monitored by the Compliance team. This includes training on, amongst other things, the Company's Code of Conduct, whistleblowing, anti-money laundering and market abuse. Other learning opportunities are made available to individuals through a variety of formats, including face to face and virtual, in support of development within their individual roles.

The cornerstone of the Company's remuneration philosophy across all LOBs is to pay for performance - BAC Group (including the Company), LOB, and individual performance. Each employee's performance is assessed on quantitative and qualitative objectives through goal-setting, performance reviews and on-going dialogue with their manager and is factored into the decision process for their incentive remuneration award. The Board oversees the Company's incentive plan design and governance to provide for an appropriate balance of risk and compensation outcomes.

The Company's HR function deals with strategic and operational matters related to the Company's employees and works closely with LOB leaders on all employee related matters. This includes key activities such as payroll along with talent acquisition, diversity and inclusion, talent development, employee engagement, training, compensation, benefits and employee relations.

Social Matters

Respect for human rights

The Company, as a subsidiary of BAC, is committed to respecting human rights and demonstrates leadership in responsible workplace practices wherever it conducts business. BAC's commitment to fair, ethical and responsible business practices, as it engages with employees, clients, suppliers and communities around the world, is embodied in its values and Code of Conduct with which the Company is aligned. To learn more about BAC's commitment to human rights, see www.bankofamerica.com/humanrights. In addition, BAC issues a Modern Slavery Act Statement annually on behalf of itself and its subsidiaries, including but not limited to the Company; see www.bankofamerica.com/modernslaveryact.

Racial equality

Through the BAC Group's focus on Responsible Growth, the BAC Group delivers for teammates, clients and shareholders and helps address society's biggest challenges. One example is the BAC Group's long-standing work to advance racial equality and economic opportunity. Internally, this is part of the BAC Group's commitment to being a great place to work, hiring and recruiting diverse talent to ensure strong representation in the BAC Group's workforce, and aligned policies and accountabilities. Externally, it is part of the BAC Group's client-driven approach, delivering products and services that meet the diverse needs of clients and investing resources to support communities and the issues affecting them.

Building on that long-standing work, and to ensure everyone has access to the tools and resources needed for success, the BAC Group is focused on connecting diverse people and communities to good jobs.

An example of this commitment is the BAC Group's ongoing work to advance racial equality and economic opportunity through a $1.25 billion five-year financing and philanthropy commitment.

This work represents an important aspect of how the Company runs the business, supports teammates, and delivers for clients

Community engagement

In EMEA, the BAC Foundation is focused on building pathways to economic mobility by supporting initiatives that help people transition from education into sustained employment. In 2023, the BAC Foundation supported 82 charities and social enterprises with financial grants across the EMEA region.

In 2023, the BAC Group's total philanthropic investment within EMEA was nearly $16 million, including employee-directed giving and four new commitments supporting projects and partners working to address racial inequality as part of the bank's $1.25 billion commitment.

BAC offers its employees an array of opportunities to share their skills and to volunteer with not-for-profit partners. In 2023, 2,823 employees in EMEA (31% volunteer participation) shared their time and skills with community organisations. Of these volunteers, 752 were employees of the Company (36% volunteer participation)[1].

Supplier management

BAC is committed to doing business with suppliers that respect ethics, human rights, diversity and inclusion, and the environment. BAC sets expectations of suppliers through the Supplier Code of Conduct (the "Code"), which has been adopted by the Company. All suppliers are expected to adhere to the Code while conducting business with or on behalf of Bank of America. The Company's environmental and social expectations of suppliers are reiterated in contract templates as well. BAC monitors compliance with the Code using a reasonable and risk-based approach and framework that is suitable for small and diverse owned businesses as well as larger businesses with more mature compliance programmes. Further information on how the Company, as part of BAC, approaches supplier management can be found at https://about.bankofamerica.com/content/dam/about/pdfs/Bank_of_America_Code_of_Conduct.pdf.

Global Financial Crimes and Corruption Risk

The Company's overall approach to managing risk, including compliance risk, is governed by the Risk Framework. As part of this, the GCOR and the Global Financial Crimes teams work in partnership to offer continuous challenge and oversight in order to minimise the risk of legal or regulatory sanctions, material financial loss or reputational damage, including but not limited to, the risks associated with bribery and corruption, economic sanctions, money laundering, terrorist and criminal financing, and internal and external fraud.

The Company is committed to acting professionally, fairly, and with integrity in all of its business dealings. The Company takes a zero tolerance approach to bribery and corruption and seeks to comply with all relevant and applicable Anti-Bribery and Anti-Corruption ("ABAC") laws, rules, and regulations. ABAC Policies and the Code of Conduct establish expected standards of behaviour for employees and use a risk-based approach to address

[1] Data submitted has been self-reported by Bank of America employees.

potential risks associated with bribery and corruption. The ABAC Compliance programme considers the risks associated with the Company's business and the markets in which it operates, including but not limited to the provisions of gifts and entertainment, third party advisors/intermediaries, hiring practices, political activities, and sponsorships/contributions. In addition, the ABAC Compliance programme considers transactions posing heightened bribery and corruption risks, particularly in markets and economies that are more susceptible to corruption and financial crime.

Outcomes and Non-Financial KPIs

The BAC Group, of which the Company is a part, tracks and reports on applicable environmental laws and regulations and operates towards overall BAC Group operational goals including maintaining carbon neutrality and purchasing 100% renewable electricity.

As the Company adopts BAC's global Responsible Growth approach, additional related non-financial KPIs are typically measured on a global basis. Examples of some of these metrics aligned with external frameworks can be found in BAC's Performance Data Summary at: www.bankofamerica.com/ESGdata2022.

Metrics specific to the Company are presented below.

Energy Consumption and Greenhouse Gas Emissions ("GHG")

Global environmental objectives are set at BAC Group level and the Company contributes to these targets. Being a part of the BAC Group, the Company recognises its responsibilities and has decided to voluntarily disclose its operational energy consumption and GHG emissions in the tables below.

The Company, as one of BAC’s principal European entities, is committed to improving energy efficiency and reducing GHG emissions associated with its operations.

Due to the nature of the Company's operations, multiple BAC entities may utilise the same office space and therefore, all entities are responsible for environmental impacts. For reporting purposes, the Company has estimated an entity-specific energy consumption and GHG emissions view based on the proportion of the entity’s employee headcount within each office space.

2023 energy consumption and associated GHG emissions for the Company's branches outside of the UK and Ireland were estimated based on verified 2022 data due to the substantial delay in obtaining the information.

Energy Consumption

		As restated*
	2023	2022
	kWh	kWh
Energy use impacting Scope 1 GHG emissions[(a)]		
Natural gas, Gas oil, Vehicle fuel*	**4,313,774**	4,491,058
Energy use impacting Scope 2 GHG emissions[(b)]		
Electricity, Steam, Chilled water	**11,770,611**	12,156,241
Total energy consumption	**16,084,385**	16,647,299

[(a)] Energy use impacting Scope 1 GHG emissions relates to sources (consumption) that are owned or controlled by the Company's activities and which result in direct emissions from those activities.

[(b)] Energy use impacting Scope 2 GHG emissions relates to purchased electricity, steam and cooling consumed by the Company's activities. Scope 2 emissions physically occur at the facility where the energy is generated.

* Restatement change made to 2022. This was due to the omission of the natural gas emissions for an Irish building. Natural gas consumption for 2022 has been increased by 291,554 kWh.

Energy data is based on utility invoices, generator run times, data centre IT loads and power usage effectiveness. Where actual data is not available, estimates are made based on actual data collected in the previous year or energy use intensity of similar building types.

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

Greenhouse Gas Emissions[a]

			As restated	As restated
	2023	**2023**	2022	2022
	Gross Location based[b]	**Gross Market based**[c]	Gross Location based[b]	Gross Market based[c]
Scope 1 direct emissions (tCO_2e)				
Natural gas, Gas oil, Vehicle fuel*	**836**	**836**	874	874
Scope 2 indirect emissions (tCO_2e)				
Electricity, Steam, Chilled water	**2,621**	**59**	2,989	91
Total Scope 1 direct and Scope 2 indirect emissions (tCO_2e)	**3,457**	**895**	3,863	965
Intensity ratio tonnes of CO_2e per m^2 floor area (tCO_2e/m^2)*	**0.112**	**0.029**	0.122	0.030

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

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

[c] A market-based method reflects emissions from electricity that the Company has purposefully chosen and takes into account the impact of green contracts or other renewable energy products. The Company is able to report minimal emissions under Scope 2 using the GHG Protocol Corporate Standards' market-based approach due to executed contracts that confirms 100% renewable electricity. Some market-based scope 2 emissions are still present due to the purchase of steam and chilled water.

*Prior period restated to increase natural gas consumption by 53 tCO_2e and to increase the location and market-based intensity ratio by 0.003 and 0.001 tCO_2e/m^2 respectively. This is due to the omission of natural gas emissions for an Irish building and an enhanced methodology.

The International Energy Agency Year 2018 data (2020 Edition) emission factors, have been used to calculate location-based emissions from electricity for all countries but the UK, where the annual Defra ("Department for Environment Food and Rural Affairs") Government Emission Conversion Factors for Company Reporting produced by the Department for Energy Security and Net Zero (previously the Department of Business, Energy and Industrial Strategy) was used. The United States Environmental Protection Agency emission factors have been used for natural gas and gas oil which is consistent with BAC's global GHG inventory. Global warming potentials from the Intergovernmental Panel on Climate Change 4th Assessment Report were used to convert CH_4 and N_2O to CO_2e.

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

In 2022, the Company's total location-based greenhouse gas emissions included elevated use of back-up generators. In 2023, back-up generator usage returned to normal levels, driving a reduction in emissions.

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

Energy Efficiency Measures and Renewable Energy

The Company's environmental objectives are aligned with BAC Group's operational goals. In line with these objectives BAC actively pursues energy and GHG emission reductions, primarily through energy efficiency initiatives and office consolidation projects. In 2023, the Uninterruptible Power Supply systems were replaced with more efficient models in Dublin offices.

BAC Group continues to purchase renewable energy in Ireland and the UK through green contracts with utility suppliers. These contracts are covered by relevant schemes - the EU Guarantees of Origin ("GO") in Ireland and Renewable Energy Guarantees of Origin ("REGOs") in the UK, administered by relevant local authorities. These programmes provide transparency to consumers about the proportion of electricity that suppliers source from renewable generation. GOs and REGOs certify that each MWh of electricity was generated from eligible generation sources.

For facilities not covered by these green contracts, BAC annually purchases unbundled GOs and REGOs, which are reflected in scope 2 market-based emissions above. Carbon credits are purchased for other residual emissions and are applied to BAC's gross Scope 1 and market-based Scope 2 emissions.

Scope 3 Financed GHG Emissions

In its 2022 report, the Company published its baseline (2019) and latest available absolute emissions for its auto manufacturing, energy and power generation portfolios. The Company now discloses financed emissions for two additional sectors, aviation and cement. While these five sectors do not comprise the Company's largest financial exposure, they are recognised as being significant contributors to global GHG emissions and are therefore prioritised.

The Company uses the Partnership for Carbon Accounting Financials ("PCAF") methodology to guide emissions calculation methodology decisions. The methodology aligns with that used in BAC's TCFD report and further details can be found in that report.

2019 and 2021 Absolute Financed Emissions

Sector			**Absolute Emissions (thousands tCO_2e)**	**Absolute Emissions (thousands tCO_2e)**	**Utilized Commercial Credit Loan Exposure (millions $)**
Sector	**Subsector Boundaries Included**	**Emission Scope(s) Included**	**2021[a]**	2019	**2021**
Auto Manufacturing	Light-duty passenger car and truck manufacturers	1, 2 & 3.11	**--**	250*	**--**
Aviation	Commercial aviation	1	**188**	--	**100**
Cement	Cement manufacturing	1 & 2	**402**	--	**100**
Coal [b]	Pure play thermal coal extraction	1, 2 & 3.11	**303**	658*	**10**
Energy	Upstream producers, refiners and integrated companies in oil and gas industry	1 & 2	**272**	240*	**964**
		3.11	**1,860**	2,216*	
	Midstream and downstream oil and gas companies	1 & 2	**591**	489*	**250**
Power generation [c]	Power generation	1	**146**	328	**1,093**

* Restated metric. See discussion below on restatement.
[(a)]The movement from 2019 to 2021 metrics is attributed to model enhancements, data quality improvements and a shift in client portfolio mix within the sector.
[(b)]In previous years, pure play thermal coal extraction was reported as a part of “Other Energy” alongside the midstream and downstream oil and gas sector.
[(c)]Includes the Scope 1 CO_2 emissions, not CO_2e, as these emissions are the most relevant for the sector.

Category 11 within scope 3 relates to emissions from the use of goods and services sold by the Company, mainly from loans provided to customers.

Financed emissions were independently assured to a limited level. The third-party assurance was carried out by an independent consultant, Apex Companies.

Data Quality

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

The table below shows the weighted-average data quality score of the Company's financing activity emissions for each sector across relevant scopes and reporting years.

Sector	Scope	**2021 (Based on Utilised Exposure)**	2019 (Based on Utilised Exposure)
Auto Manufacturing	1 & 2	**--**	2.0
	3.11	**--**	2.0
Aviation	1	**2.0**	--
Cement	1 & 2	**2.0**	--
Coal	1, 2, & 3.11	**2.7**	2.7
Energy	Oil & Gas - Upstream 1 & 2	**2.0**	2.2
	Oil & Gas - Upstream 3.11	**2.9**	3.2
	Midstream & Downstream 1 & 2	**3.9**	3.6
Power Generation	1	**2.2**	2.0

Other data challenges

Estimating financing activity emissions is an evolving landscape, requiring the use of assumptions and data with varying levels of quality. There will continue to be meaningful improvements to data capture, data sourcing and estimation methodologies over time. Given these circumstances and consistent with industry trends, there can be volatility in the Company's sectoral emissions estimates unrelated to actual sectoral emissions performance.

To align with industry guidance, BAC has developed internal guidelines and governance related to restating prior metrics and baselines. The Company follows these guidelines in determining when to restate those metrics and baselines in an effort to improve the accuracy of our financing activity emissions estimates. Following these

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

guidelines, the Company has restated 2019 absolute financed emissions, reflecting improved data availability, internal model enhancements and other significant data improvements.

EU Taxonomy

Following the adoption of the Paris Agreement on climate change, the European Commission took steps towards achieving a climate-neutral EU by 2050. This included publishing its action plan on financing sustainable growth. A key objective of this action plan is to redirect capital flows towards sustainable economic activities.

In order to achieve this objective, Regulation (EU) 2020/852 of the European Parliament and of the Council along with the Delegated Acts: (EU) 2021/2178 (Disclosure Delegated Act), (EU) 2021/2039 and (EU) 2023/2485 (Climate Delegated Acts), (EU) 2022/1214 (Nuclear and Gas Delegated Act) and (EU) 2023/2486 (Environmental Delegated Act) (hereinafter together referred to as the “EU Taxonomy”) require companies subject to the Non-Financial Reporting Directive (“NFRD”) to disclose information on how and to what extent their activities are associated with environmentally sustainable economic activities. The EU Taxonomy regulation continues to evolve, and the disclosures below reflect the Company's current interpretation.

Since the Company is in scope for NFRD, it is required to report the proportion of Taxonomy-eligible and Taxonomy-aligned economic activities to total covered assets in prescribed templates. An economic activity is Taxonomy-eligible if it is described in the EU Taxonomy irrespective of whether that economic activity meets any or all the technical screening criteria laid down in the Commission’s delegated acts. For an economic activity to be Taxonomy-aligned, it must:

- Contribute substantially to one or more of the environmental objectives
- Do no significant harm to any of the environment objectives
- Be carried out in compliance with minimum safeguards
- Comply with the technical screening criteria established by the Commission

There are six environmental objectives: Climate Change Mitigation (“CCM”); Climate Change Adaptation (“CCA”); Sustainable Use and Protection of Water and Marine Resources; Transition to a Circular Economy; Pollution Prevention and Control; and Protection and Restoration of Biodiversity and Ecosystems.

EU Taxonomy reporting compares the proportion of counterparty reported Taxonomy-eligible and Taxonomy-aligned economic activities by counterparty type and sector to a measure of assets as at 31 December 2023. The denominator of the Taxonomy-aligned Green Asset Ratio (GAR) is total GAR assets, which is the total reported asset figure adjusted for certain out of scope items as shown in GAR Template 1. The numerator of the GAR is then the Taxonomy-aligned exposure based upon counterparty KPI information. Each template, with the exception of summary Template 0, is repeated using data based upon counterparties' turnover or capital expenditure ("capex") as firms report KPIs for both metrics.

Nuclear and gas activities are a subsequent addition to the EU Taxonomy and are therefore required to be shown in a separate set of templates.

Counterparty KPIs and data attributes were sourced from publicly available information and consequently, there were data limitations including but not limited to completeness, for example: where a client is not required to or has not yet reported the information. The below templates have differences in totals and between templates which reflect client disclosures.

As non-financial undertakings are exempted from reporting eligibility and alignment for the four non-climate environmental objectives in 2023, this information was not available at the time of report preparation.

The following tables are prepared as per the EU Taxonomy regulations and cover the CCM and CCA objectives only. The templates reflect the product and client base of the Company: BofA Europe offers Global Banking and Global Markets products to both EU and international clients.

EU Taxonomy Templates

Overview of the Green Asset Ratio Templates

GAR Template 0. Summary of KPIs to be disclosed under Article 8 Taxonomy Regulation

This is a summary of the key EU Taxonomy outputs, including the Taxonomy-aligned amount and percentage of both turnover and capex for balance sheet exposures and financial guarantees.

The percentage of total assets included and excluded from the numerator and denominator of the GAR are presented as well as exclusions from the numerator due to methodology, such as where a counterparty is not subject to NFRD.

GAR Template 1: Assets for the calculation of the GAR (Capex and Turnover)

This details the workings used to calculate the GAR ratios in the summary template and contains the data used for the other GAR templates. The total assets of the Company are adjusted for items that are outside the GAR calculation (such as central government exposures) to show the denominator of the GAR ratios which is the total GAR asset amount.

To calculate total sustainable assets under GAR, the total GAR asset amount is further adjusted for assets considered non-eligible by methodology (such as counterparties not subject to NFRD) as well as counterparty disclosures to determine eligible and aligned amounts. These figures are shown by counterparty type and product.

GAR Template 2: GAR sector information (Capex and Turnover)

This provides an industry breakdown of the non-financial corporation gross carrying and aligned amounts by objective.

GAR Template 3: GAR KPI stock (Capex and Turnover)

The template shows the percentage of the gross carrying amount which is Taxonomy-eligible or Taxonomy-aligned by objective. It also includes the percentage of total GAR assets for combinations of counterparty and product type. Data is derived from GAR Template 1.

GAR Template 4: GAR KPI flow (Capex and Turnover)

The template shows the percentage of the gross carrying amount which is Taxonomy-eligible or Taxonomy-aligned by objective for facilities that were originated in 2023. It also includes the percentage of total GAR assets for combinations of counterparty and product type. Data is a subset of GAR Template 3.

GAR Template 5: GAR KPI off-balance sheet exposures (Capex and Turnover)
The template shows the proportion of the off-balance sheet amounts which are Taxonomy-eligible or Taxonomy-aligned by objective, consistent with GAR Template 1.

Overview of the Nuclear and Gas Templates

N&G Template 1: Nuclear and fossil gas related activities (Capex and Turnover)
A table which shows whether any of the Company's potentially Taxonomy-eligible counterparties are active within six specified groupings across nuclear and gas activities.

N&G Template 2: Taxonomy-aligned economic activities (denominator, Capex and Turnover)
The Taxonomy-aligned amount and ratios based on total GAR assets from GAR template 1 are categorised by the six activity groupings of nuclear and gas related activities or non-nuclear and gas activities. The percentages are a proportion of total GAR assets.

N&G Template 3: Taxonomy-aligned economic activities (numerator, Capex and Turnover)
The Taxonomy-aligned amount and ratios based on total Taxonomy-aligned amounts from GAR template 1 are categorised by the six activity groupings of nuclear and gas related activities or non-nuclear and gas activities. The percentages are a proportion of total Taxonomy-aligned GAR assets.

N&G Template 4: Taxonomy-eligible but not Taxonomy-aligned economic activities (Capex and Turnover)
The Taxonomy-eligible but not Taxonomy-aligned amount from GAR template 1 is shown across the six activity groupings of nuclear and gas related activities or non-nuclear and gas activities. The percentages are a proportion of total GAR assets.

N&G Template 5: Taxonomy non-eligible economic activities (Capex and Turnover)
The non-eligible amount from GAR template 1 is shown across the six activity groupings of nuclear and gas related activities or non-nuclear and gas activities. Where clients are not subject to NFRD requirements, their activities are neither Taxonomy-eligible nor Taxonomy-aligned. The percentages are a proportion of total GAR assets.

GAR Templates

GAR Template 0 - Summary of KPIs under Article 8 Taxonomy Regulation

		Turnover Total environmentally sustainable assets (Million USD)	Capex Total environmentally sustainable assets (Million USD)	Turnover KPI (%)	Capex KPI (%)	% coverage (over total assets)[1]	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Main KPI	**Green asset ratio (GAR) stock**	**591**	**1,179**	**1.1%**	**2.2%**	**69.3%**	**63.5%**	**30.7%**

		Turnover Total environmentally sustainable activities (Million USD)	Capex Total environmentally sustainable activities (Million USD)	Turnover KPI (%)	Capex KPI (%)	% coverage (over total assets)	% of assets excluded from the numerator of the GAR (Article 7 (2) and (3) and Section 1.1.2. of Annex V)	% of assets excluded from the denominator of the GAR (Article 7 (1)) and Section 1.2.4 of Annex V)
Additional KPIs	*GAR (flow)*	5	18	—%	—%	26.3%	25.1%	22.7%
	Trading book[2]							
	Financial guarantees	—	—	0.2%	0.7%			
	Assets under management	—	—	N/A	N/A			
	Fees and commissions income[3]							

[1] Total GAR assets as a percentage of the Company's total assets.

[2] This disclosure is not required this year.

[3] This disclosure is not required this year.

The balance sheet of the Company is a determining factor of the GAR Turnover ratios of 1.1% and Capex of 2.2%. As a significant proportion of counterparties are not subject to NFRD reporting, the majority of the balance sheet is excluded from the numerator of the GAR.

GAR Templates

GAR Template 1 - Assets for the calculation of GAR as of 31 December 2023 CAPEX-BASED

Row	Million USD	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	4,423	1,169	1,169	—	252	485	2	2	—	—	2,203	1,179	—	260	485
2	**Financial undertakings**	358	41	41	—	14	26	—	—	—	—	153	41	—	14	26
3	Credit institutions	78	—	—	—	—	—	—	—	—	—	68	—	—	—	—
4	Loans and advances	78	—	—	—	—	—	—	—	—	—	68	—	—	—	—
5	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
7	Other financial undertakings	281	41	41	—	14	26	—	—	—	—	84	41	—	14	26
8	of which investment firms	84	—	—	—	—	—	—	—	—	—	13	—	—	—	—
9	Loans and advances	84	—	—	—	—	—	—	—	—	—	13	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
12	of which management companies	196	41	41	—	14	26	—	—	—	—	71	41	—	14	26
13	Loans and advances	196	41	41	—	14	26	—	—	—	—	71	41	—	14	26
14	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
16	of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
20	**Non-financial undertakings**	4,065	1,128	1,128	—	238	459	2	2	—	—	2,051	1,138	—	246	459
21	Loans and advances	4,065	1,128	1,128	—	238	459	2	2	—	—	2,051	1,138	—	246	459
22	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
23	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
24	**Households**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25	of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
26	of which building renovation loans	—	—	—	—	—	—					—	—	—	—	—
27	of which motor vehicle loans	—	—	—	—	—	—					—	—	—	—	—
28	**Local governments financing**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
29	Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
30	Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	48,284														
33	**Non-financial undertakings**	41,552														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,299														
35	Loans and advances	19,299														
36	of which loans collateralised by commercial immovable property	1,711														
37	of which building renovation loans															
38	Debt securities															
39	Equity instruments															
40	Non-EU country counterparties not subject to NFRD disclosure obligations	22,253														
41	Loans and advances	22,206														
42	Debt securities															
43	Equity instruments	47														
44	**Derivatives**	—														
45	**On demand interbank loans**	6,314														
46	**Cash and cash-related assets**															
47	**Other assets (e.g. Goodwill, commodities etc.)**	418														
48	**Total GAR assets**	**52,707**	**1,169**	**1,169**	**—**	**252**	**485**	**2**	**2**	**—**	**—**	**2,203**	**1,179**	**—**	**260**	**485**
49	**Other assets not covered for GAR calculation**	23,312														
50	Central Governments and Supranational	2,562														
51	Central banks exposure	17,142														
52	Trading book	3,608														
53	**Total assets**	76,019														
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees	5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
55	Assets under management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
56	Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
57	Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

GAR Templates

GAR Template 2 - GAR sector information as of 31 December 2023 CAPEX-BASED

		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Breakdown by sector - NACE 4 digits level (code and label)	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount[(1)]		Gross carrying amount	
Row		Mn USD	Of which environmentally sustainable (CCM)	Mn USD	Of which environmentally sustainable (CCM)	Mn USD	Of which environmentally sustainable (CCA)	Mn USD	Of which environmentally sustainable (CCA)	Mn USD	Of which environmentally sustainable (CCM+CCA)	Mn USD	Of which environmentally sustainable (CCM+CCA)
1	C22.11 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	41	10			—	—			41	10		
2	C23.13 - Manufacture of hollow glass	—	—			—	—			20	—		
3	C23.99 - Manufacture of other non-metallic mineral products n.e.c.	74	3			—	—			74	3		
4	C25.50 - Forging, pressing, stamping and roll-forming of metal; powder metallurgy	—	—			—	—			45	—		
5	C26.60 - Manufacture of irradiation, electromedical and electrotherapeutic equipment	1	—			—	—			1	—		
6	C28.49 - Manufacture of other machine tools	58	1			—	—			58	1		
7	C29.32 - Manufacture of other parts and accessories for motor vehicles	—	—			—	—			61	—		
8	C30.20 - Manufacture of railway locomotives and rolling stock	71	38			—	—			71	38		
9	C30.91 - Manufacture of motorcycles	13	1			—	—			13	1		
10	D35.11 - Production of electricity	1,282	907			—	—			1,282	907		
11	D35.22 - Distribution of gaseous fuels through mains	164	96			—	—			164	96		
12	F41.20 - Construction of residential and non-residential buildings	42	5			—	—			42	5		
13	F42.11 - Construction of roads and motorways	52	4			—	—			52	4		
14	F42.13 - Construction of bridges and tunnels	—	—			—	—			232	—		
15	J62.09 - Other information technology and computer service activities	65	2			—	—			65	2		
16	L68.10 - Buying and selling of own real estate	8	—			—	—			8	—		
17	M72.11 - Research and experimental development on biotechnology	136	1			—	—			136	1		
18	Q86.90 - Other human health activities	35	4			20	2			276	6		

[(1)] Non-financial corporate exposures with a gross carrying amount of $1,424m are included in GAR Template 1 but not this template. GAR template 2 only includes information on exposures to sectors covered by the EU Taxonomy.

GAR Templates

GAR Template 3 - GAR KPI stock as of 31 December 2023 CAPEX-BASED

	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
Row	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	26.4 %	26.4 %	— %	5.7 %	11.0 %	— %	— %	— %	— %	49.8 %	26.7 %	— %	5.9 %	11.0 %	8.4 %
2	**Financial corporations**	11.4 %	11.4 %	— %	3.9 %	7.2 %	— %	— %	— %	— %	42.7 %	11.4 %	— %	3.9 %	7.2 %	0.7 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	88.2 %	— %	— %	— %	— %	0.1 %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	88.2 %	— %	— %	— %	— %	0.1 %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
6	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
7	Other financial corporations	14.6 %	14.6 %	— %	5.0 %	9.2 %	— %	— %	— %	— %	30.1 %	14.6 %	— %	5.0 %	9.2 %	0.5 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	15.5 %	— %	— %	— %	— %	0.2 %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	15.5 %	— %	— %	— %	— %	0.2 %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
11	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
12	of which management companies	20.9 %	20.9 %	— %	7.1 %	13.1 %	— %	— %	— %	— %	36.3 %	20.9 %	— %	7.1 %	13.1 %	0.4 %
13	Loans and advances	20.9 %	20.9 %	— %	7.1 %	13.1 %	— %	— %	— %	— %	36.3 %	20.9 %	— %	7.1 %	13.1 %	0.4 %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	27.7 %	27.7 %	— %	5.8 %	11.3 %	0.1 %	0.1 %	— %	— %	50.4 %	28.0 %	— %	6.0 %	11.3 %	7.7 %
21	Loans and advances	27.7 %	27.7 %	— %	5.8 %	11.3 %	0.1 %	0.1 %	— %	— %	50.4 %	28.0 %	— %	6.0 %	11.3 %	7.7 %
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
23	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
24	**Households**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
25	of which loans collateralised by residential immovable property	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
26	of which building renovation loans	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
27	of which motor vehicle loans	— %	— %	— %	— %	— %					— %	— %	— %	— %	— %	— %
28	**Local governments financing**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
32	**Total GAR assets**	2.2 %	2.2 %	— %	0.5 %	0.9 %	— %	— %	— %	— %	4.2 %	2.2 %	— %	0.5 %	0.9 %	8.4 %

GAR Templates

GAR Template 4 - GAR KPI flow as of 31 December 2023 CAPEX-BASED

Row	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total new assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
Row	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.2 %	0.2 %	— %	— %	0.1 %	— %	— %	— %	— %	9.1 %	0.4 %	— %	0.2 %	0.1 %	4.5 %
2	**Financial undertakings**	— %	— %	— %	— %	— %	— %	— %	— %	— %	3.6 %	— %	— %	— %	— %	0.4 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
6	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	4.6 %	— %	— %	— %	— %	0.4 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
11	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
12	of which management companies	0.1 %	0.1 %	— %	— %	— %	— %	— %	— %	— %	6.6 %	0.1 %	— %	— %	— %	0.4 %
13	Loans and advances	0.1 %	0.1 %	— %	— %	— %	— %	— %	— %	— %	6.6 %	0.1 %	— %	— %	— %	0.4 %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
20	**Non-financial undertakings**	0.2 %	0.2 %	— %	— %	0.1 %	— %	— %	— %	— %	9.6 %	0.4 %	— %	0.2 %	0.1 %	4.1 %
21	Loans and advances	0.2 %	0.2 %	— %	— %	0.1 %	— %	— %	— %	— %	9.6 %	0.4 %	— %	0.2 %	0.1 %	4.1 %
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
23	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
24	**Households**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
25	of which loans collateralised by residential immovable property	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
26	of which building renovation loans	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
27	of which motor vehicle loans	— %	— %	— %	— %	— %					— %	— %	— %	— %	— %	— %
28	**Local governments financing**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
32	**Total GAR assets**	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.8 %	— %	— %	— %	— %	4.5 %

GAR Templates

GAR Template 5 - KPI off-balance sheet exposures as of 31 December 2023 CAPEX-BASED

% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
	Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
			Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1 Financial Guarantees (FinGuar) KPI	2.9 %	0.7 %	— %	— %	0.4 %	— %	— %	— %	— %	2.9 %	0.7 %	— %	— %	0.4 %
2 Assets under Management (AuM) KPI	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N&G Templates

N&G Template 1 - Nuclear and fossil gas related activities as of 31 December 2023 CAPEX-BASED

Row	Nuclear Energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	YES

N&G Template 2 - Taxonomy-aligned economic activities (Denominator) as of 31 December 2023 CAPEX-BASED

		Amount and proportion		Amount and proportion		Amount and proportion	
		CCM + CCA		CCM		CCA	
Row	Economic Activities	Amount (IN MN USD)	%	Amount (IN MN USD)	%	Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(1)	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(2)	28	— %	28	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(3)	210	0.4 %	210	0.4 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(4)	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(5)	—	— %	—	— %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(6)	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	940	1.8 %	771	1.5 %	—	— %
8	**Total applicable KPI**	**1,178**	**2.2 %**	**1,009**	**1.9 %**	**—**	**— %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Template 3 - Taxonomy-aligned economic activities (Numerator) as of 31 December 2023 CAPEX-BASED

		Amount and proportion		Amount and proportion		Amount and proportion	
		CCM + CCA		CCM		CCA	
Row	Economic Activities	Amount (IN MN USD)	%	Amount (IN MN USD)	%	Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation2021/2139 in the Numerator of the applicable KPI(1)	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(2)	28	2.4 %	28	2.4 %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(3)	210	17.8 %	210	17.8 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(4)	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(5)	—	— %	—	— %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(6)	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	940	79.8 %	771	65.5 %	—	— %
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**1,178**	**100.0 %**	**1,009**	**85.7 %**	**—**	**— %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities as of 31 December 2023 CAPEX-BASED

		Amount and proportion CCM + CCA		Amount and proportion CCM		Amount and proportion CCA	
Row	Economic Activities	Amount (IN MN USD)	%	Amount (IN MN USD)	%	Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(1)	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(2)	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(3)	—	— %	—	— %	—	— %
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(4)	38	0.1 %	38	0.1 %	—	— %
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(5)	4	— %	4	— %	—	— %
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(6)	1	— %	1	— %	—	— %
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	982	1.9 %	21	— %	—	— %
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**1,025**	**2.0 %**	**64**	**0.1 %**	**—**	**— %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Template 5 - Taxonomy-non eligible economic activities as of 31 December 2023 CAPEX-BASED

		Amount and proportion	
Row	Economic Activities	Amount (IN MN USD)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(1)	—	— %
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(2)	203	0.4 %
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(3)	20	— %
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(4)	—	— %
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(5)	—	— %
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(6)	—	— %
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	50,280	95.4 %
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**50,503**	**95.8 %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

GAR Templates

GAR Template 1 - Assets for the calculation of GAR as of 31 December 2023 TURNOVER-BASED

The following table summarises the exposure of the Company to counterparties that are Taxonomy-eligible and Taxonomy-aligned to either CCM or CCA based upon turnover.

	Million USD	Total gross carrying amount	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)*				
			Of which towards taxonomy relevant sectors (Taxonomy-eligible)					Of which towards taxonomy relevant sectors (Taxonomy-eligible)				Of which towards taxonomy relevant sectors (Taxonomy-eligible)				
				Of which environmentally sustainable (Taxonomy-aligned)					Of which environmentally sustainable (Taxonomy-aligned)				Of which environmentally sustainable (Taxonomy-aligned)			
					Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
Row	**GAR - Covered assets in both numerator and denominator**															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	4,423	591	591	—	129	266	—	—	—	—	1,178	591	—	129	265
2	**Financial undertakings**	358	34	34	—	2	1	—	—	—	—	166	34	—	2	1
3	Credit institutions	78	—	—	—	—	—	—	—	—	—	68	—	—	—	—
4	Loans and advances	78	—	—	—	—	—	—	—	—	—	68	—	—	—	—
5	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
6	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
7	Other financial undertakings	281	34	34	—	2	1	—	—	—	—	98	34	—	2	1
8	of which investment firms	84	—	—	—	—	—	—	—	—	—	—	—	—	—	—
9	Loans and advances	84	—	—	—	—	—	—	—	—	—	—	—	—	—	—
10	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
11	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
12	of which management companies	196	34	34	—	2	1	—	—	—	—	98	34	—	2	1
13	Loans and advances	196	34	34	—	2	1	—	—	—	—	98	34	—	2	1
14	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
15	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
16	of which insurance undertakings	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
17	Loans and advances	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
18	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
19	Equity instruments	—	—	—		—	—	—	—		—	—	—		—	—
20	**Non-financial undertakings**	4,065	557	557	—	127	264	—	—	—	—	1,012	557	—	127	264
21	Loans and advances	4,065	557	557	—	127	264	—	—	—	—	1,012	557	—	127	264
22	Debt securities, including UoP	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
23	Equity instruments	—	—	—		—	—	—	—	—	—	—	—		—	—
24	**Households**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
25	of which loans collateralised by residential immovable property	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
26	of which building renovation loans	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
27	of which motor vehicle loans	—	—	—	—	—	—					—	—	—	—	—
28	**Local governments financing**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
29	Housing financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
30	Other local government financing	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
32	**Other assets excluded from the numerator for GAR calculation (covered in the denominator)**	48,284														
33	**Non-financial undertakings**	41,552														
34	SMEs and NFCs (other than SMEs) not subject to NFRD disclosure obligations	19,299														
35	Loans and advances	19,299														
36	of which loans collateralised by commercial immovable property	1,711														
37	of which building renovation loans	—														
38	Debt securities	—														
39	Equity instruments	—														
40	Non-EU country counterparties not subject to NFRD disclosure obligations	22,253														
41	Loans and advances	22,206														
42	Debt securities	—														
43	Equity instruments	47														
44	**Derivatives**	—														
45	**On demand interbank loans**	6,314														
46	**Cash and cash-related assets**	—														
47	**Other assets (e.g. Goodwill, commodities etc.)**	418														
48	**Total GAR assets**	**52,707**	**591**	**591**	**—**	**129**	**266**	**—**	**—**	**—**	**—**	**1,178**	**591**	**—**	**129**	**265**
49	**Assets not covered for GAR calculation**	23,312														
50	**Central Governments and Supranational**	2,562														
51	**Central banks exposure**	17,142														
52	**Trading book**	3,608														
53	**Total assets**	76,019	—	—	—	—	—	—	—	—	—	—	—	—	—	—
	Off-balance sheet exposures - Corporates subject to NFRD disclosure obligations															
54	Financial guarantees	5	—	—	—	—	—	—	—	—	—	—	—	—	—	—
55	Assets under management	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
56	Of which debt securities	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—
57	Of which equity instruments	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

GAR Templates

GAR Template 2 - GAR sector information as of 31 December 2023 TURNOVER-BASED

		Climate Change Mitigation (CCM)				Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)			
		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD		Non-Financial corporates (Subject to NFRD)		SMEs and other NFC not subject to NFRD	
	Breakdown by sector - NACE 4 digits level (code and label)	Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount		Gross carrying amount[(1)]		Gross carrying amount	
Row		Mn USD	Of which environmentally sustainable (CCM)	Mn USD	Of which environmentally sustainable (CCM)	Mn USD	Of which environmentally sustainable (CCA)	Mn USD	Of which environmentally sustainable (CCA)	Mn USD	Of which environmentally sustainable (CCM+CCA)	Mn USD	Of which environmentally sustainable (CCM+CCA)
1	C22.11 - Manufacture of rubber tyres and tubes; retreading and rebuilding of rubber tyres	41	10			—	—			41	10		
2	C23.13 - Manufacture of hollow glass	0	—			—	—			20	—		
3	C23.99 - Manufacture of other non-metallic mineral products n.e.c.	0	—			—	—			74	—		
4	C25.50 - Forging, pressing, stamping and roll-forming of metal; powder metallurgy	0	—			—	—			45	—		
5	C26.60 - Manufacture of irradiation, electromedical and electrotherapeutic equipment	0	—			—	—			1	—		
6	C28.49 - Manufacture of other machine tools	58	2			—	—			58	2		
7	C29.32 - Manufacture of other parts and accessories for motor vehicles	0	—			—	—			61	—		
8	C30.20 - Manufacture of railway locomotives and rolling stock	71	42			—	—			71	42		
9	C30.91 - Manufacture of motorcycles	13	—			—	—			13	—		
10	D35.11 - Production of electricity	1,282	424			—	—			1,282	424		
11	D35.22 - Distribution of gaseous fuels through mains	164	25			—	—			164	25		
12	F41.20 - Construction of residential and non-residential buildings	41	5			1	—			42	5		
13	F42.11 - Construction of roads and motorways	52	13			—	—			52	13		
14	F42.13 - Construction of bridges and tunnels	0	—			—	—			232	—		
15	J62.09 - Other information technology and computer service activities	65	2			—	—			65	2		
16	L68.10 - Buying and selling of own real estate	0	—			—	—			8	—		
17	M72.11 - Research and experimental development on biotechnology	0	—			—	—			136	—		
18	Q86.90 - Other human health activities	0	—			—	—			276	—		

(1) Non-financial corporate exposures with a gross carrying amount of $1,424m are included in GAR Template 1 but not this template. GAR template 2 only discloses information on exposures to sectors covered by the EU Taxonomy.

GAR Templates

GAR Template 3 - GAR KPI stock as of 31 December 2023 TURNOVER-BASED

Row	% (compared to total covered assets in the denominator)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total assets covered
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HFT eligible for GAR calculation	13.4 %	13.4 %	— %	2.9 %	6.0 %	— %	— %	— %	— %	26.6 %	13.4 %	— %	2.9 %	6.0 %	8.4 %
2	**Financial corporations**	9.5 %	9.5 %	— %	0.4 %	0.3 %	— %	— %	— %	— %	46.5 %	9.5 %	— %	0.4 %	0.3 %	0.7 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	88.2 %	— %	— %	— %	— %	0.1 %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	88.2 %	— %	— %	— %	— %	0.1 %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
6	Equity instruments	— %	— %		— %	— %	— %		— %	— %	— %	— %		— %	— %	— %
7	Other financial corporations	12.1 %	12.1 %	— %	0.6 %	0.4 %	— %	— %	— %	— %	34.9 %	12.1 %	— %	0.6 %	0.4 %	0.5 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.2 %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.2 %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
11	Equity instruments	— %	— %		— %	— %	— %		— %	— %	— %	— %		— %	— %	— %
12	of which management companies	17.3 %	17.3 %	— %	0.8 %	0.6 %	— %	— %	— %	— %	49.9 %	17.3 %	— %	0.8 %	0.6 %	0.4 %
13	Loans and advances	17.3 %	17.3 %	— %	0.8 %	0.6 %	— %	— %	— %	— %	49.9 %	17.3 %	— %	0.8 %	0.6 %	0.4 %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %		— %	— %	— %		— %	— %	— %	— %		— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %		— %	— %	— %		— %	— %	— %	— %		— %	— %	— %
20	**Non-financial corporations (NFCs subject to NFRD disclosure obligations)**	13.7 %	13.7 %	— %	3.1 %	6.5 %	— %	— %	— %	— %	24.9 %	13.7 %	— %	3.1 %	6.5 %	7.7 %
21	Loans and advances	13.7 %	13.7 %	— %	3.1 %	6.5 %	— %	— %	— %	— %	24.9 %	13.7 %	— %	3.1 %	6.5 %	7.7 %
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
23	Equity instruments	— %	— %		— %	— %	— %		— %	— %	— %	— %		— %	— %	— %
24	**Households**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
25	of which loans collateralised by residential immovable property	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
26	of which building renovation loans	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
27	of which motor vehicle loans	— %	— %	— %	— %	— %					— %	— %	— %	— %	— %	— %
28	**Local governments financing**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
32	**Total GAR assets**	1.1 %	1.1 %	— %	0.2 %	0.5 %	— %	— %	— %	— %	2.2 %	1.1 %	— %	0.2 %	0.5 %	8.4 %

GAR Templates

GAR Template 4 - GAR KPI flow as of 31 December 2023 TURNOVER-BASED

Row	% (compared to flow of total eligible assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)					Proportion of total new assets covered
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling	
	GAR - Covered assets in both numerator and denominator															
1	Loans and advances, debt securities and equity instruments not HfT eligible for GAR calculation	0.1 %	0.1 %	— %	— %	0.1 %	— %	— %	— %	— %	3.5 %	0.1 %	— %	— %	0.1 %	4.5 %
2	**Financial undertakings**	— %	— %	— %	— %	— %	— %	— %	— %	— %	10.0 %	— %	— %	— %	— %	0.4 %
3	Credit institutions	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
4	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
5	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
6	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
7	Other financial corporations	— %	— %	— %	— %	— %	— %	— %	— %	— %	12.7 %	— %	— %	— %	— %	0.4 %
8	of which investment firms	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
9	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
10	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
11	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
12	of which management companies	— %	— %	— %	— %	— %	— %	— %	— %	— %	18.2 %	— %	— %	— %	— %	0.4 %
13	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	18.2 %	— %	— %	— %	— %	0.4 %
14	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
15	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
16	of which insurance undertakings	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
17	Loans and advances	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
18	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
19	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
20	**Non-financial undertakings**	0.1 %	0.1 %	— %	— %	0.1 %	— %	— %	— %	— %	2.9 %	0.1 %	— %	— %	0.1 %	4.1 %
21	Loans and advances	0.1 %	0.1 %	— %	— %	0.1 %	— %	— %	— %	— %	2.9 %	0.1 %	— %	— %	0.1 %	4.1 %
22	Debt securities, including UoP	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
23	Equity instruments	— %	— %		— %	— %	— %	— %		— %	— %	— %		— %	— %	— %
24	**Households**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
25	of which loans collateralised by residential immovable property	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
26	of which building renovation loans	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
27	of which motor vehicle loans	— %	— %	— %	— %	— %					— %	— %	— %	— %	— %	— %
28	**Local governments financing**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
29	Housing financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
30	Other local government financing	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
31	**Collateral obtained by taking possession: residential and commercial immovable properties**	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
32	**Total GAR assets**	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.3 %	— %	— %	— %	— %	4.5 %

GAR Templates

GAR Template 5 - KPI off-balance sheet exposures as of 31 December 2023 TURNOVER-BASED

	% (compared to total eligible off-balance sheet assets)	Climate Change Mitigation (CCM)					Climate Change Adaptation (CCA)				TOTAL (CCM + CCA)				
		Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-eligible)				
			Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)					Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)				Proportion of total covered assets funding taxonomy relevant sectors (Taxonomy-aligned)			
				Of which Use of Proceeds	Of which transitional	Of which enabling			Of which Use of Proceeds	Of which enabling			Of which Use of Proceeds	Of which transitional	Of which enabling
1	Financial guarantees (FinGuar) KPI	8.4 %	0.2 %	— %	— %	0.2 %	— %	— %	— %	— %	8.4 %	0.2 %	— %	— %	0.2 %
2	Assets under Management (AuM) KPI	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N&G Templates

N&G Template 1 - Nuclear and fossil gas related activities as of 31 December 2023 TURNOVER-BASED

Row	Nuclear Energy related activities	Yes/No
1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	YES
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	YES
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	YES
	Fossil gas related activities	**Yes/No**
4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	YES
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	YES
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels	YES

N&G Templates

N&G Template 2 - Taxonomy-aligned economic activities (Denominator) as of 31 December 2023 TURNOVER-BASED

Row	Economic Activities	Amount and proportion CCM + CCA Amount (IN MN USD)	%	Amount and proportion CCM Amount (IN MN USD)	%	Amount and proportion CCA Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(1)	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(2)	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(3)	125	0.2 %	125	0.2 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(4)	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(5)	—	— %	—	— %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI(6)	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	466	0.9 %	327	0.6 %	—	— %
8	**Total applicable KPI**	**591**	**1.1 %**	**452**	**0.8 %**	**—**	**— %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Template 3 - Taxonomy-aligned economic activities (Numerator) as of 31 December 2023 TURNOVER-BASED

Row	Economic Activities	Amount and proportion CCM + CCA Amount (IN MN USD)	%	Amount and proportion CCM Amount (IN MN USD)	%	Amount and proportion CCA Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation2021/2139 in the Numerator of the applicable KPI(1)	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation2021/2139 in the Numerator of the applicable KPI(2)	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation2021/2139 in the Numerator of the applicable KPI(3)	125	21.1 %	125	21.1 %	—	— %
4	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(4)	—	— %	—	— %	—	— %
5	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(5)	—	— %	—	— %	—	— %
6	Amount and proportion of taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the Numerator of the applicable KPI(6)	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the numerator of the applicable KPI	466	78.9 %	327	55.3 %	—	— %
8	**Total amount and proportion of taxonomy-aligned economic activities in the numerator of the applicable KPI**	**591**	**100.0 %**	**452**	**76.4 %**	**—**	**— %**

(1) related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

(2) related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

(3) related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

(4) related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

(5) related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

(6) related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Templates

N&G Template 4 - Taxonomy-eligible but not taxonomy-aligned economic activities as of 31 December 2023 TURNOVER-BASED

		Amount and proportion CCM + CCA		Amount and proportion CCM		Amount and proportion CCA	
Row	Economic Activities	Amount (IN MN USD)	%	Amount (IN MN USD)	%	Amount (IN MN USD)	%
1	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[1]	—	— %	—	— %	—	— %
2	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[2]	—	— %	—	— %	—	— %
3	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[3]	—	— %	—	— %	—	— %
4	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[4]	82	0.2 %	82	0.2 %	—	— %
5	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[5]	5	— %	5	— %	—	— %
6	Amount and proportion of taxonomy-eligible but not taxonomy-aligned economic activity referred to in Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[6]	—	— %	—	— %	—	— %
7	Amount and proportion of other taxonomy-eligible but not taxonomy-aligned economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	500	0.9 %	18	— %	—	— %
8	**Total amount and proportion of taxonomy eligible but not taxonomy-aligned economic activities in the denominator of the applicable KPI**	**587**	**1.1 %**	**105**	**0.2 %**	**—**	**— %**

[1] related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

[2] related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

[3] related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

[4] related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

[5] related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

[6] related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

N&G Template 5 - Taxonomy-non eligible economic activities as of 31 December 2023 TURNOVER-BASED

		Amount and proportion	
Row	Economic Activities	Amount (IN MN USD)	%
1	Amount and proportion of economic activity referred to in row 1 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.26 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[1]	—	— %
2	Amount and proportion of economic activity referred to in row 2 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.27 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[2]	—	— %
3	Amount and proportion of economic activity referred to in row 3 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.28 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[3]	40	0.1 %
4	Amount and proportion of economic activity referred to in row 4 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.29 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[4]	—	— %
5	Amount and proportion of economic activity referred to in row 5 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.30 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[5]	—	— %
6	Amount and proportion of economic activity referred to in row 6 of Template 1 that is taxonomy-non-eligible in accordance with Section 4.31 of Annexes I and II to Delegated Regulation 2021/2139 in the denominator of the applicable KPI[6]	—	— %
7	Amount and proportion of other taxonomy-non-eligible economic activities not referred to in rows 1 to 6 above in the denominator of the applicable KPI	51,489	97.7 %
8	**Total amount and proportion of taxonomy-non-eligible economic activities in the denominator of the applicable KPI**	**51,529**	**97.8 %**

[1] related to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.

[2] related to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.

[3] related to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.

[4] related to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.

[5] related to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.

[6] related to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.

ACCOUNTING RECORDS

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

DIRECTORS' AND SECRETARY'S INTEREST IN SHARES

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

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

DIRECTORS

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

Executive directors
F. Vicario (Chief Executive Officer)
J.H. Lee

Group non-executive directors
C.P. Bessant (resigned 13 July 2023)
P.M. Donofrio (Chair)
B.A. Mensah

Non-executive directors
J.G. Murphy (resigned 31 December 2023)

Independent non-executive directors
O.T. Bussmann
I. de Dinechin (appointed 7 March 2023)
S.A. James
N.M. Jordan
R. McHugh

DISCLOSURE OF INFORMATION TO AUDITORS

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

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

DIRECTORS' COMPLIANCE STATEMENT

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

- a compliance policy statement (as defined in section 225(3)(a)) has been drawn up setting out the Company’s policies, which, in the directors’ opinion, are appropriate to ensure compliance with the Company’s relevant obligations;

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2023

- appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- a review of those arrangements or structures has been conducted in the financial year to which this report relates.

ELECTRONIC DISTRIBUTION

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

This report was approved by the Board on 22 March 2024 and signed on its behalf.

F. Vicario
Director

J.H. Lee
Director

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Independent auditor's report to the members of Bank of America Europe DAC

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Bank of America Europe DAC ('the Company'), for the year ended 31 December 2023, which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Financial Position, that Statement of Changes in Equity and notes to the Company financial statements, including the summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in its preparation is Irish law and the Financial Reporting Standard 100 ('FRS 100') - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ('FRS 101') - Reduced Disclosure Framework.

In our opinion, the accompanying financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at December 31, 2023, and of its profit for the year then ended;
- have been properly prepared in accordance with FRS 100 and FRS 101; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland) and applicable law. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements section of our report*.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

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

- Understanding management's going concern assessment process, including the preparation of financial plans and forecasts;
- Performing a risk assessment to identify factors that could impact the going concern basis of accounting;
- Evaluation of the forecast financial performance, liquidity, capital position and the Bank's strategic plan over the going concern period; and
- Consideration of the funding support available to the Company from its parent.

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

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

Key audit matters

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

We summarise below the key audit matters in forming our audit opinion above, together with an overview of the principal audit procedures performed to address each matter and, where relevant, key observations arising from those procedures.

Key audit matter	How the matter was addressed
Impairment allowance for expected credit losses (IFRS 9) In accordance with IFRS 9, the Company recognises expected credit losses ('ECL') for instruments classified at amortised cost and at FVOCI. These include loans and advances to banks and customers, including related guarantees and commitments. The estimation of expected credit losses is a complex process requiring the use of judgement and estimates. The key risks in the estimation process relate to the methodology applied and the use of inappropriate assumptions including the determination of the Significant Increase in Credit Risk ('SICR') or forward looking information which could potentially lead to the financial statements being materially misstated. Additionally, the risk of using incomplete and inaccurate input data as a basis for the computation is another area of risk that could result in misstated estimates. Finally, adjustments to the model-driven ECL results can be raised by management to address known impairment model limitations, emerging trends or potential future credit risks identified by management. Such adjustments are inherently uncertain and management judgement is involved in the estimation process. There is therefore a risk of misstatement attached to the appropriateness and valuation of post model adjustments. Any over or under estimations of the impairment provision could have a material impact on the reported results. At 31 December 2023, there was an impairment allowance of $197 million booked in the financial statements on loans and advances to banks and customers, including related guarantees and commitments. This was made up of $85 million model-driven ECL, and $112 million post-model adjustments.	We have addressed the audit risk attached to the Key Audit Matter by performing the following procedures: • Updated our understanding of the overall impairment process, including key controls, the impairment model used and underlying assumptions; • Agreed and reviewed the scope of group auditors work as applicable to BofAE DAC, covering IT controls and model validation testing; • Validated the compliance of the impairment estimation process with IFRS 9 requirements, including the review of the Company IFRS 9 Framework Document and Policy; • Tested the design, implementation and operating effectiveness of the key controls underpinning the estimation and recognition of the impairment provision in the accounting records, including relevant IT application controls; • Reviewed the impairment model significant assumptions and the methodology applied to determine whether the overall impairment adjustment is adequate. This included the assessment of the definition of default adopted by the Company, and the determination of PD, LGD and EAD. It also covered the consideration of economic variable inputs used in the estimation process;

Refer to Note 2.13 Accounting Policies – Impairment of financial assets held at amortised cost and FVOCI, Note 3 Critical accounting estimates and judgements, Note 17 Provision for loan loss, Note 19 Loans and Advances to banks, Note 20 Loans and advances to customers and Note 43 Risk Management.	• Assessed the reasonableness of the staging applied to the portfolio and considered the allocation criteria; • Reviewed the model validation and parameters calibration validation performed by the Company, as well as the back testing performed to ensure model viability; • For individually assessed provisions, assessed the measurement of the provision including the methodology and assumptions applied; • Assessed the reasonableness and adequacy of post model adjustments and management overlays, considering specific risks arising from the actual economic environment; • Assessed the completeness and accuracy of the data used in the computation process; and • Assessed the appropriateness of the disclosures and accounting policies in the financial statements. IFRS 9 specialists and Economist experts were engaged to support the audit team with some aspects of these procedures. Based on the evidence obtained from the above listed procedures, we consider the estimation of the impairment of financial instruments under IFRS 9 to be reasonable.

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Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of level 3 traded loans and loans and advances to customers at Fair Value Through Profit and Loss ('FVTPL') The Company's financial position and operating results depend on the valuation of level 3 traded loans and advances to customers measured at FVTPL, which are based on management judgement and estimation. The valuation of instruments with higher risk characteristics involves significant judgement. The judgement in estimating the fair value of these instruments can involve complex valuation models and significant fair value adjustments both which may be reliant on data inputs where there is limited market data observability. Any error in the valuation of a financial instrument can have a significant impact on the financial statements Company's financial instruments classified as Level 3 in the fair value hierarchy include distressed loans portfolio, mortgage loans and corporate bank loans. *Refer to Note 2.15 Accounting Policies – Financial Assets, Note 3 Critical accounting estimates and judgements, Note 20 Loans and Advances to customers, Note 22 Trading assets, Note 43 Risk Management and Note 45 Fair value measurement.*	We have addressed the audit risk attached to the Key Audit Matter by performing the following procedures: • Updated our understanding of the end- to-end valuation process, including roles and responsibilities of the three-line defence, collaboration between departments and IT systems involved in the Independent Price Verification (IPV) and Fair value adjustment (FVA) computation; • Tested the design, implementation and operating effectiveness of the key controls underpinning the valuation of level 3 traded loans and loans and advances to customers at fair value through profit or loss in the accounting records, including relevant IT application controls. This included the controls around IPV and FVA computation, appropriateness of external pricing sources, margin dispute resolution and collateral IPV; • Assessed the appropriateness of tolerance to price differences (soft and hard variances, tolerable threshold); • Updated our understanding and assessed the model governance (internal risk rating, frequency of review, identification and follow-up of model limitations); • Assessed the sensitivity of valuation to key inputs and assumptions and concluded on their appropriateness; • Reviewed the valuation methodology and underlying calculation for a sample of instruments. Challenged key assumptions underpinning the valuation made by management, including observability of parameters, management overrides and levelling applied; and • Reviewed compliance of fair value disclosures with IFRS 13, including assets and liabilities levelling, transfers in and out of Level 3, and sensitivities to main unobservable inputs.

	Based on the evidence obtained from the above listed procedures, we consider the estimation of the valuation of level 3 traded loans and loans and advances to customers at FVTPL to be reasonable.

Our application of materiality

We apply the concept of materiality in planning and performing the audit and in evaluating the impact of misstatements, if any. Materiality is an expression of the relative significance or importance of a matter in the context of the financial statements. Misstatements in the financial statements are material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken based on the financial statements.

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

Overall materiality	$147.31 million
How we determined it	1% of net assets
Rationale for benchmark applied	We consider the net assets to be a key metric that the users of the financial statements focus on.
Performance materiality	$88.39 million Performance materiality is set to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements in the financial statements exceeds materiality for the financial statements as a whole. We determine 60% (2022: 60%) of overall materiality to be appropriate which reflect a number of factors: the fact this is the third year of audit for Mazars, the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls.
Reporting threshold	We agreed with those charged with governance that we would report to them misstatements identified during our audit above $4.2 million as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Overview of the scope of the audit

As part of designing our audit, we assessed the risk of material misstatement in the financial statements, whether due to fraud or error, and then designed and performed audit procedures responsive to those risks. In particular, we looked at where the directors made subjective judgements such as making assumptions on significant accounting estimates.

We tailored the scope of our audit to ensure that we performed sufficient work to be able to give an opinion on the financial statements as a whole. We used the outputs of a risk assessment, our understanding of the Company, its environment, controls and critical business processes, to consider qualitative factors in order to ensure that we obtained sufficient coverage across all financial statement line items. Where the work was performed by other auditors, we determined the level of involvement we needed to have in their audit work and issued and agreed audit instructions to ensure that appropriate audit evidence was obtained as a basis for our opinion on the financial statements as a whole.

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

Other information

The directors are responsible for the other information. The other information comprises the information included in the directors' report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

In our opinion, based on the work undertaken in the course of the audit, we report that:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements;
- the directors' report has been prepared in accordance with applicable legal requirements;
- the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited; and
- the financial statements are in agreement with the accounting records.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the directors' report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of Sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

The Companies Act 2014 also requires us to report to you if, in our opinion, the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 (as amended) for the financial year ended 31 December 2023. We have nothing to report in this regard.

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement out on page 1, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that give a true and fair view, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

Based on our understanding of the Company and its industry, we identified that the principal risks of non-compliance with laws and regulations related to the Central Bank of Ireland regulatory environment in which the Company operates, and we considered the extent to which non-compliance might have a material effect on the financial statements.

In identifying and assessing risks of material misstatement in respect to irregularities including non- compliance with laws and regulations, our procedures included but were not limited to:

- Obtaining an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates;
- Discussing with the directors and management as to whether the Company is in compliance with laws and regulations, and discussing the policies and procedures in place regarding compliance with laws and regulations;
- Inspecting correspondence with the Central Bank of Ireland;
- Reviewing minutes of Board meetings, Audit Committee meetings and Risk Committee meetings;
- Assessing how the Company ensures compliance with externally imposed capital and liquidity requirements;
- Discussing amongst the engagement team the identified laws and regulations, and consideration of any indications of non-compliance; and
- Focusing on areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements such as tax legislation, Central Banks Act 1942- 2014 and Companies Act 2014.

Our procedures in relation to fraud included but were not limited to:

- Making enquiries of the directors and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud such as opportunities for fraudulent manipulation of financial statements, and determined the principal risks;
- Identifying any manual journal entries to manipulate financial performance;
- Assessing any management bias through judgements and assumptions in significant accounting estimates;
- Reviewing any significant one-off or unusual transactions; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

The primary responsibility for the prevention and detection of irregularities including fraud rests with both those charged with governance and management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

As a result of our procedures, we did not identify any key audit matters relating to irregularities. The risks of material misstatement that had the greatest effect on our audit, including fraud, are discussed under “Key audit matters” within this report.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditor's report.

Other matters which we are required to address

Following the recommendation of the Audit Committee, we were appointed by the Company on 11 August 2021 to audit the financial statements for the year ending 31 December 2021 and subsequent financial periods. The period of total uninterrupted engagement including previous renewals and reappointments is 3 years.

The non-audit services prohibited by IAASA’s Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the Audit Committee we are required to provide in accordance with ISA (Ireland) 260.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Tommy Doherty
for and on behalf of Mazars
Chartered Accountants & Statutory Audit Firm
Harcourt Centre, Block 3
Harcourt Road
Dublin 2
25 March 2024

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	2023 $M	2022 $M
Interest income		**2,927**	1,095
Interest expense		**(1,838)**	(524)
NET INTEREST INCOME	5	**1,089**	571
Fee and commission income		**479**	589
Fee and commission expense		**(128)**	(130)
NET FEE AND COMMISSION INCOME	6	**351**	459
Net trading income		**292**	169
Net income/(expense) from other financial instruments at FVPL	7	**166**	(7)
Other operating income	8	**1,122**	836
TOTAL OPERATING INCOME		**3,020**	2,028
Administrative expenses	9	**(809)**	(717)
Depreciation and amortisation	24,25	**(32)**	(50)
Other operating expense	10	**(420)**	(441)
Impairment release/(charge) for credit losses	17	**80**	(106)
TOTAL OPERATING EXPENSES		**(1,181)**	(1,314)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**1,839**	714
Taxation on profit on ordinary activities	15	**(392)**	(175)
PROFIT FOR THE FINANCIAL YEAR		**1,447**	539

During the year, there were no discontinued operations.

The notes on pages 54 to 147 form part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023

	2023 $M	2022 $M
Profit for the financial year	**1,447**	539
Other comprehensive income:		
Items that may be subsequently reclassified to profit or loss:		
Currency translation differences	**47**	(28)
Movement in fair value of debt instruments at FVOCI	**5**	(4)
Items that will not be reclassified to profit or loss:		
Actuarial (loss)/gain on retirement benefit obligations (note 36)	**(11)**	56
Movement of deferred tax relating to pension deficit	**3**	—
	44	24
Total comprehensive income for the financial year	**1,491**	563

The notes on pages 54 to 147 form part of these financial statements.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2023

	Note	**2023 $M**	2022 $M
ASSETS			
Cash held at central banks	16	**17,142**	18,813
Market and client receivables	18	**1,427**	810
Loans and advances to banks	19	**8,848**	7,980
Loans and advances to customers	20	**32,071**	29,843
Reverse repurchase agreements	21	**9,580**	9,318
Trading assets	22	**1,353**	1,561
Investment securities	23	**2,273**	369
Derivative financial instruments		**2,579**	2,714
Property, plant and equipment	24	**41**	47
Right-of-use assets	25	**89**	103
Deferred tax assets	27	**77**	15
Other assets	26	**439**	559
TOTAL ASSETS		**75,919**	72,132
LIABILITIES			
Deferred tax liability	27	**—**	3
Deposits by banks	28	**15,422**	27,031
Deposits by customers	29	**34,716**	21,010
Market and client payables	30	**848**	984
Debt securities	31	**1,224**	1,067
Derivative financial instruments		**3,722**	3,598
Financial liabilities designated at fair value		**17**	71
Other liabilities	32	**999**	899
Accruals	34	**137**	129
Debt Issued and other borrowed funds	35	**4,000**	4,000
Retirement benefit obligations	36	**103**	101
TOTAL LIABILITIES		**61,188**	58,893
CAPITAL AND RESERVES			
Issued share capital	37	**32**	32
Share premium account	38	**9,061**	9,061
Other reserves	38	**76**	28
Profit and loss account		**5,562**	4,118
TOTAL EQUITY		**14,731**	13,239
TOTAL LIABILITIES AND EQUITY		**75,919**	72,132

STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2023

The financial statements were approved and authorised for issue by the Board on 22 March 2024.

F. Vicario	**J.H. Lee**	**P.M. Donofrio**	**S. McGuinness**
Director	Director	Director	for and on behalf of Merrill Lynch Corporate Services Limited Company Secretary

The notes on pages 54 to 147 form part of these financial statements.

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

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	$M	$M	$M	$M	$M
At 1 January 2023	**32**	**9,061**	**28**	**4,118**	**13,239**
Comprehensive income for the year					
Profit for the year	—	—	—	**1,447**	**1,447**
Currency translation differences	—	—	**47**	—	**47**
Movement in fair value of debt securities at FVOCI	—	—	**5**	—	**5**
Actuarial loss relating to retirement schemes (net of deferred tax)	—	—	—	**(8)**	**(8)**
Total comprehensive income for the year	—	—	**52**	**1,439**	**1,491**
Group share based payment costs recharged	—	—	—	**(65)**	**(65)**
Group share based payment costs	—	—	—	**70**	**70**
Capital contribution	—	—	**(4)**	—	**(4)**
At 31 December 2023	**32**	**9,061**	**76**	**5,562**	**14,731**

The notes on pages 54 to 147 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called up share capital	Share premium account	Other reserves	Profit and loss account	Total equity
	$M	$M	$M	$M	$M
At 1 January 2022	32	9,061	60	3,520	12,673
Comprehensive income for the year					
Profit for the year	—	—	—	539	539
Currency translation differences	—	—	(28)	—	(28)
Movement in fair value of debt securities at FVOCI	—	—	(4)	—	(4)
Actuarial gain relating to retirement schemes	—	—	—	56	56
Total comprehensive income for the year	—	—	(32)	595	563
Group share based payment costs recharged	—	—	—	(57)	(57)
Group share based payment costs	—	—	—	60	60
At 31 December 2022	32	9,061	28	4,118	13,239

The notes on pages 54 to 147 form part of these financial statements.

1. CORPORATE INFORMATION

The Company is a designated activity company and is incorporated and domiciled in the Republic of Ireland, with branches operating in the UK, Belgium, France, Germany, Greece, Italy, Luxembourg, the Netherlands, Spain, Sweden and Switzerland, in addition to its Irish Head Office. The Company's registered office is at Two Park Place, Hatch Street, Dublin 2.

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

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

The Company's immediate parent company is BANA, a company incorporated in Delaware. The Company's ultimate parent company and controlling party is BAC, a company organised and existing under the laws of the State of Delaware in the United States of America.

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

The financial statements have been prepared in accordance with the Companies Act 2014, Financial Reporting Standard 100 ("FRS 100") - Application of Financial Reporting Requirements and Financial Reporting Standard 101 ("FRS 101") - Reduced Disclosure Framework.

FRS 100 and FRS 101 set out the disclosure exemptions for the individual financial statements of entities that otherwise apply the recognition, measurement and disclosure requirements of International Financial Reporting Standards that have been adopted in the EU ("EU-adopted IFRS"). References to accounting standards in these financial statements will accordingly relate to applicable International Financial Reporting Standards ("IFRS") and International Accounting Standards ("IAS") as adopted by the Republic of Ireland.

The financial statements have been prepared under the historical cost convention, as modified to include certain assets and liabilities at fair value. The Company does not maintain historical cost information on items at fair value as this is not relevant to the operation of the business.

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

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

The directors have a reasonable expectation, based on current and anticipated future performance and the capital and liquidity position, that the Company will continue in operational existence for a period of at least 12 months from the date of approval of the annual report and financial statements. The directors are not aware of any material uncertainties that may cast significant doubt about the Company's ability to continue as a going concern for at least that 12 month period. The financial statements have, therefore, been prepared on a going concern basis. Disclosures in respect of liquidity risk and capital management are set out in note 43.

These Financial statements have been approved and authorised for issue by the Board on 22 March 2024. The directors have the power to amend and reissue the financial statements.

1. CORPORATE INFORMATION (CONTINUED)

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

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 - Share-based Payment;
- the requirements of IAS 7 - Statement of Cash Flows;
- the requirements of paragraphs 30 and 31 of IAS 8 - Accounting Policies, Changes in Accounting Estimates and Errors;
- the requirements in IAS 24 - Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member; and
- the requirements of IFRS 5 paragraph 33(c) to disclose the net cash flows attributable to the operating, investing and financing activities of discontinued operations.

2. MATERIAL ACCOUNTING POLICIES

These financial statements are the separate financial statements of the Company.

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

2.1 NEW AND AMENDED STANDARDS ADOPTED BY THE COMPANY

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Apart from those noted below, their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 12, Income Taxes: International Tax Reform Pillar Two Model Rules

In December 2021, the Organisation for Economic Co-operation and Development ("OECD") issued model rules for a new global minimum tax framework, also known as the 'Pillar Two' rules. On 23 May 2023, the International Accounting Standards Board ("IASB") published International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12. The standard introduced a mandatory temporary exception to the accounting for deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules, which was effective immediately. The Company has adopted the mandatory temporary exception.

Pillar Two legislation was enacted in Ireland, the jurisdiction in which the Company is incorporated, and will come into effect from 1 January 2024. Since the Pillar Two legislation was not effective at the reporting date, the Company has no related current tax exposure.

Under the legislation, the Company is liable to pay a top-up tax for the difference between its Global Anti-Base Erosion ("GloBE") effective tax rate in Ireland and the 15% minimum rate.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

For 2023, the average effective tax rate (calculated in accordance with para 86 of IAS 12) of the Group and Head office ("HO") in Ireland are as set out below, it should be noted that the GloBE effective tax rate may differ from the IAS 12 calculation:

	Group	HO
(USD in millions)	**Year ended 31 December 2023**	**Year ended 31 December 2023**
Tax expense	392	62
Profit before tax	1,839	576
Average effective tax rate	**21.3 %**	**10.8 %**

The Company is in the process of assessing its exposure to the Pillar Two legislation for when it comes into effect.

Since the average effective tax rate of HO is below 15%, the Company's exposure to Pillar Two income taxes is expected to be approximately USD20 million in relation to Ireland. This is due to the impact of specific adjustments envisaged in the Pillar Two legislation.

Standards issued but not yet effective

There are several new standards and amendments to standards published but not yet mandatory for the current reporting period. To the extent, which is known or reasonably estimable, none of these developments is expected to have a material impact on the Company's financial statements in the period of initial application.

2.2 FOREIGN CURRENCIES

a. Transactions and balances

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

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

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

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

b. Branches

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

2.3 SEGMENTAL REPORTING

The Company does not fall within the scope of IFRS 8 – Operating segments, however certain disaggregation of results in relation to its two operational activities, being Global Banking and Global Markets and Support Services businesses are provided in order to meet the requirements of IFRS 15 and the Companies Act 2014. Performance is not analysed geographically as the Company operates primarily within EMEA.

2.4 INTEREST INCOME AND EXPENSE

a. Amortised cost and effective interest rate

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

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

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

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

b. Calculation of interest income and expense

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

The effective interest rate is applied to the gross carrying amount of the financial asset or to the amortised cost of the liability.

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.5 FEE AND COMMISSION INCOME

a) Investment banking fees

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

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

b) Card income

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

c) Service charges

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

Lending-related fees generally represent transactional fees earned from certain loan commitments and financial guarantees. Fees earned from loan commitments are generally deferred and recognised over the life of the facility, where it is not considered probable that there will be a resultant loan by the Company. Fees earned from financial guarantees are generally deferred and recognised over the life of the guarantee period (see note 2.19).

The Company applied the practical expedient under IFRS 15 and did not disclose the value of any open performance obligations at December 31, 2023, as its contracts with customers generally have a fixed term that is less than one year, an open term with a cancellation period that is less than one year, or provisions that allow the Company to recognise revenue at the amount it has the right to invoice.

2.6 NET TRADING INCOME

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.7 NET INCOME FROM OTHER FINANCIAL INSTRUMENTS AT FVPL

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

2.8 SERVICE FEE INCOME

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

2.9 INCOME TAX

The income tax expense or credit for the period is the tax payable on the current period's taxable income, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge, including Irish corporation tax and foreign taxes, is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised, or the deferred tax liability is settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise the temporary differences and losses.

Deferred tax assets and liabilities can only be offset if the Company has the legal right to settle current tax assets and liabilities and the deferred tax amounts are levied by the same taxation authority.

Current tax assets and tax liabilities can only be offset if the Company has the legal right to offset and the intention to settle on a net basis.

Current and deferred tax is recognised in profit or loss.

2.10 FINANCIAL ASSETS AND LIABILITIES - INITIAL RECOGNITION AND MEASUREMENT

Financial assets and financial liabilities are recognised on the statement of financial position when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the assets.

In general, funding financial instruments (e.g. loans and deposits) and traded loans are recognised and derecognised on the statement of financial position on a settlement date basis, whereas trading instruments (e.g. debt securities, derivatives) are recognised and derecognised on a trade date basis.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

For initial recognition of financial assets classified as measured at amortised cost or FVOCI, the Company measure them at fair value plus or minus transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Immediately after initial recognition, an expected credit loss allowance is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, as described in note 2.13 below, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

For initial recognition of financial assets or financial liabilities classified as measured at fair value through profit or loss, the Company initially measure them at fair value with any transaction costs expensed in profit or loss.

2.11 RECOGNITION OF DAY ONE PROFIT OR LOSS

Evidence of the fair value of a financial instrument at initial recognition is the transaction price (i.e., the fair value of the consideration given or received), unless the fair value of that instrument is evidenced by comparison with other observable current market transactions in the same instrument (i.e., without modification or repackaging), or is based on a valuation technique whose variables include only data from observable markets.

The Company has entered into transactions where fair value is determined using valuation models for which not all inputs are market observable prices or rates. The difference between the transaction price and the model valuation, commonly referred to as "day one profit or loss", is not recognised immediately in the income statement, but rather deferred in other assets (liabilities) where an instrument has a day one profit or loss.

The timing of recognition of deferred day one profit or loss is determined individually and is either deferred until the instrument’s fair value can be determined using market observable inputs or realised through disposal or settlement. Day one profit or loss is deferred on level 3 trades and a minimum threshold is applied per trade which on an aggregate basis is immaterial to the Company. See note 45 for further detail on the amount of the Company's deferred day one profit or loss.

The financial instrument is subsequently measured at fair value. Subsequent changes in fair value are recognised immediately in the income statement.

2.12 FINANCIAL ASSETS - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

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

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

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

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

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The above SPPI test is met.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Business model

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

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

SPPI Test

Where the business model is to hold assets to collect contractual cash flows or to collect contractual cash flows and sell, the Company assesses whether the financial instruments' cash flows meet the SPPI test. In making this assessment, the Company considers whether the contractual cash flows are consistent with a basic lending arrangement, that is to say that interest includes only consideration for the time value of money, credit risks, other basic lending risks and a profit margin that is consistent with a basic lending arrangement. Where the contractual terms introduce exposure to risk or volatility that are inconsistent with a basic lending arrangement, the related financial asset is classified and measured at FVPL.

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

All other financial assets, including trading assets and derivatives, are classified as measured at FVPL.

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

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

2.13 IMPAIRMENT OF FINANCIAL ASSETS HELD AT AMORTISED COST AND FVOCI

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

The Company provides loss allowances on these financial instruments based on internal assessment to the extent of a financial instruments' credit risk:

- At an amount equal to ECLs that result from expected default events within the 12 months after the reporting date for financial instruments on which credit risk has not increased significantly since initial recognition and which were not credit impaired on initial recognition ("Stage 1" or "12 month ECL").
- At an amount equal to ECLs that result from expected default events over the life of the financial instrument.
- for financial instruments on which credit risk has increased significantly since initial recognition but not considered to be credit impaired ("Stage 2" or "Lifetime ECLs Not credit impaired loans").
- for financial instruments which are credit impaired meaning already in default, or non- performing ("Stage 3" or "Lifetime ECLs Credit impaired loans").

12 month ECL is the portion of expected credit loss that results from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime ECL is the expected credit loss that results from all possible default events over the expected life of the financial instrument.

Definition of default

A Company’s obligor is in default if:

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

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

Measurement of ECL

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

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

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

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

- For financial assets that are not credit impaired (Stage 1 and 2) at the reporting date, the present value of all cash shortfalls (i.e., the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive);
- For financial assets that are credit impaired (Stage 3) at the reporting date, the difference between the gross carrying amount and the present value of estimated future cash flows;

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

- For undrawn loan commitments, the present value of the difference between the contractual cash flows that are due to the Company if the commitment is drawn upon and the cash flows that the Company expects to receive; and
- For financial guarantee contracts, the expected payments to reimburse the holder less any amounts that the Company expects to recover.

Definition of credit impaired

The definition of credit impaired for ECL under IFRS 9 includes defaulted exposures as defined by Article 178 of the CRR and Non-Performing Exposures.

As a result, the Company considers a financial asset to be credit impaired and Stage 3 when:

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

In assessing whether an exposure is credit impaired, the Company considers qualitative indicators such as breaches of covenants, as well as quantitative indicators such as overdue status and non-payment on other obligations of the same issuer.

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

Presentation of allowance for ECL in the statement of financial position

For financial assets measured at amortised cost, the loss allowance for ECL is presented as a deduction from the gross carrying amount of the assets. For loan commitments and financial guarantee contracts, the loss allowance is presented as a provision within other liabilities.

For debt instruments measured at FVOCI, no loss allowance is recognised in the statement of financial position as the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the fair value reserve, with a corresponding charge to profit or loss.

An impairment gain or loss is recognised in the income statement at the amount of expected credit losses (or reversals) that is required to adjust the loss allowance to the amount required at the balance sheet date.

Charge off

Loans and debt securities are charged off, either partially or in full, when there is no realistic prospect of recovery. This is generally the case when the Company determines that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the charge off. However, financial assets that are charged off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due. Any charge off and recoveries are recognised as a reduction (or increase) in the ECL allowance.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.14 FINANCIAL LIABILITIES - CLASSIFICATION AND SUBSEQUENT MEASUREMENT

The Company classifies its financial liabilities as measured at amortised cost or FVPL. Financial liabilities are classified as measured at amortised cost using the effective interest method, except for:

- Derivative liabilities held for trading or held for risk management purposes are measured at FVPL; and
- Loan commitments that the Company designates as at FVPL are recorded on the statement of financial position at fair value at inception of the agreement. Subsequent movements in fair value are recorded in the income statement within net income from other financial instruments at FVPL.

For fair value measurement techniques for financial assets and liabilities, refer to note 45.

2.15 DERECOGNITION OF FINANCIAL ASSETS AND LIABILITIES

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

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

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

Modifications to the terms of financial assets and liabilities may result in derecognition if it is deemed that the modification results in an expiry of the contractual rights and obligations of the original instrument, see note 2.17 for further details.

2.16 SECURITIES FINANCING TRANSACTIONS

The Company may enter into secured financing transactions to accommodate customers and earn interest rate spreads (also referred to as "matched-book transactions"), to obtain securities for settlement and to finance trading positions. Such transactions are primarily entered in connection with securities purchased under agreements to resell (“resale agreements”) and securities sold under agreement to repurchase (“repurchase agreements”).

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

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

Securities financing transactions give rise to negligible credit risk as a result of these collateral provisions. These instruments therefore are managed based on market risk rather than credit risk.

Substantially all repurchase and resale activities are transacted under master agreements that give the Company the right, in the event of default of the counterparty, to liquidate collateral held and to offset receivables and payables with the same counterparty. The Company offsets certain repurchase and resale agreement balances with the same counterparty on the statement of financial position (see note 2.18 below for Offsetting).

Securities received under resale agreements and securities delivered under repurchase agreements are generally not recognised on or derecognised from the statement of financial position as the risks and rewards of ownership are not obtained from or relinquished to the counterparty.

2.17 MODIFICATIONS OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

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

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

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

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

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

2.18 OFFSETTING

Where the Company has the legal right to net settle and intends to do so (with any of its debtors or creditors) on a net basis, or to realise the asset and settle the liability simultaneously, the balance included within the financial statements is the net balance due to or from the counterparty.

Central clearing counterparties ("CCP") are individually assessed to identify if net settlement criteria are met. Where this is achieved, assets and liabilities facing the CCP are offset.

2.19 FINANCIAL GUARANTEES AND LOAN COMMITMENTS

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

Financial guarantees are initially recognised in the financial statements at fair value plus transaction costs on the date the guarantee was given. Subsequent to initial recognition, the Company's liabilities under such guarantees are measured at the higher of the initial measurement, less amortisation calculated to recognise in the income statement the fee income earned on a straight line basis over the life of the guarantee, and the amount determined in accordance with the ECL model as detailed in note 2.13. Any loss allowance is recognised as a provision within other liabilities.

Loan commitments that the Company designates as financial liabilities at fair value through profit or loss are recognised as disclosed in note 2.14.

Other loan commitments provided by the Company are measured as the amount of the loss allowance (calculated in accordance with note 2.13) with any loss allowance recognised as a provision within other

liabilities. The Company has not provided any commitment to provide loans at a below-market interest rate, or that can be settled net in cash or by delivering or issuing another financial instrument.
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2.20 CASH AND CASH EQUIVALENTS

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

2.21 TRADING ASSETS AND LIABILITIES

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

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

2.22 INVESTMENT SECURITIES

Investment Securities includes:

- Equity investment securities mandatorily measured at FVPL or designated as at FVPL. These are at fair value with changes recognised immediately in profit or loss; and

- Debt securities measured at FVOCI. These are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses and interest income, which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in Net interest income using the effective interest rate method.

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.23 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation and any impairment loss (see note 24 below).

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2.24 LEASES

Lessor arrangements

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

Lessee arrangements

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

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

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

2.25 IMPAIRMENT OF NON-FINANCIAL ASSETS

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

2.26 EMPLOYEE BENEFITS

Short term employee benefit obligations

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

Post–employment obligations

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

Defined contribution pensions

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

Defined benefit pensions

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

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

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

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

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

The income statement includes interest charged or credited on the defined benefit assets and liabilities, the impact of foreign currency revaluation and service costs.

2.27 SHARE BASED PAYMENTS

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

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

2. MATERIAL ACCOUNTING POLICIES (CONTINUED)

As this is a group share based payment arrangement, all awards are treated by the Company as equity settled share based payment plans and are measured based on the fair value of those awards at grant date.

The fair value determined at the grant date is expensed over the vesting period, based on the Company's estimate of the number of shares that will eventually vest. The Company has entered into a chargeback agreement with BAC under which it is committed to pay BAC the market value at grant date as well as subsequent movements in fair value of those awards to BAC at the time of delivery to its employees. The share based payment transaction and chargeback agreement creates a total charge to the profit and loss based on the grant date fair value of the awards adjusted for subsequent movements in the fair value of those awards prior to delivery. This is recorded in service fee income or service fee expense.

2.28 PROVISION

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

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

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

Estimates

(a) Impairment of financial instruments

The Company's accounting policy for losses in relation to the impairment of financial instruments is described in note 2.13. The measurement of the expected credit loss allowance is an area that requires the use of complex models and significant assumptions about future economic conditions and client behaviour. An explanation of the inputs, assumptions and estimation techniques used in measuring ECL is provided in note 17, which also sets out the key sensitivities of the ECL to changes in these elements.

In applying the accounting requirements for calculating impairment, the Company has made significant estimates such as in relation to establishing groups of similar financial assets for the purposes of measuring ECL and establishing the number and relative weightings for forward looking scenarios used in the calculation.

As part of the staging assessment required under IFRS 9, the Company applies estimates in establishing criteria for determining whether the risk of default on a financial instrument has increased significantly since initial recognition, considering reasonable and supportable information that is relevant and available without undue cost or effort. Note 17 provides additional detail on the Company's approach to determining significant increase in credit risk.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (CONTINUED)

In the third quarter of 2023, the Company changed the approach for certain management overlays related to ECL. The impact from this accounting estimate change was a $12.5 million release of ECL, of which $10 million was due to a change in measurement method for concentration risk.

(b) Valuation of financial instruments

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

Where models are used to determine fair values, they are periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that output reflects actual data and comparative market prices. These estimation techniques are necessarily subjective in nature and involve several assumptions. See note 45 for further detail on the Company's approach to valuation of financial instruments.

(c) Pensions

The Company has an obligation to pay pension benefits to certain employees and former employees of the BAC Group. The cost of these benefits and the present value of the obligation depend on a number of factors including: life expectancy, salary increases, asset valuations and the discount rate on corporate bonds. Management utilises the valuation provided by actuaries and estimates these factors in determining the net pension obligation or surplus in the statement of financial position. The assumptions reflect historical experience and current trends. See note 36 Retirement benefit obligations for further information concerning the Retirement benefit obligations.

Judgements

Classification of financial assets

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

In order to perform the business model assessment, the Company evaluates, among other factors, the strategy of the business and types of management information used to measure performance of the portfolio as well as information regarding sales from the portfolio. Contractual cash flow information is considered by reviewing transaction and structure documentation in conjunction with line of business experts to ensure that relevant terms are analysed. See accounting policy note 2.12 for further details regarding classification of financial assets.

4. SEGMENTAL ANALYSIS

The Company operates two principal activities comprising the provision of financial services within the Global Banking and Global Markets business segment and the provision of Support Services to affiliates. The results of these activities are set out below.

	Global Banking and Global Markets Business	**Support Services Provision**	**Total**
	$M	**$M**	**$M**
2023			
Net interest income	**1,089**	**—**	**1,089**
Net fee and commission income	**351**	**—**	**351**
Net trading income	**292**	**—**	**292**
Net expense from other financial instruments at FVPL	**166**	**—**	**166**
Other operating income	**873**	**249**	**1,122**
Total operating income before expenses and impairment	**2,771**	**249**	**3,020**
Total operating expenses	**(953)**	**(228)**	**(1,181)**
Profit before taxation	**1,818**	**21**	**1,839**

	Global Banking and Global Markets Business	Support Services Provision	Total
	$M	$M	$M
2022			
Net interest income	571	—	571
Net fee and commission income	459	—	459
Net trading income	169	—	169
Net income from other financial instruments at FVPL	(7)	—	(7)
Other operating income	658	178	836
Total operating income before expenses and impairment	1,850	178	2,028
Total operating expenses	(1,143)	(171)	(1,314)
Profit before taxation	707	7	714

Support Services activities do not represent a significant proportion of the Company’s assets and liabilities, being primarily driven by support costs incurred and recharged to affiliates. As such a breakdown of net assets between the principal activities is not required.

4. SEGMENTAL ANALYSIS (CONTINUED)

The below table shows a disaggregation of revenues within the scope of IFRS 15 for each of the principal activities. Further details are below.

	Global Banking and Global Markets Business	**Support Services Provision**	**Total**
	$M	**$M**	**$M**
2023			
Investment banking fees (note 6)	**147**	**—**	**147**
Loan commitment fees (note 6)	**81**	**—**	**81**
Card fees and commissions income (note 6)	**155**	**—**	**155**
Foreign draft fees (note 6)	**39**	**—**	**39**
Other fee and commission income (note 6)	**57**	**—**	**57**
Service fee income (note 8)	**853**	**249**	**1,102**
	1,332	**249**	**1,581**

	Global Banking and Global Markets Business	Support Services Provision	Total
	$M	$M	$M
2022			
Investment banking fees (note 6)	279	—	279
Loan commitment fees (note 6)	70	—	70
Card fees and commissions income (note 6)	154	—	154
Foreign draft fees (note 6)	36	—	36
Other fee and commission income (note 6)	50	—	50
Service fee income (note 8)	610	178	788
	1,199	178	1,377

5. NET INTEREST INCOME

	2023 $M	2022 $M
Loans and advances to customers and banks	**1,897**	842
Cash held at central banks	**486**	57
Debt instruments at FVOCI	**70**	7
Interest income on liabilities	**—**	78
Reverse repurchase agreements	**427**	102
Cash collateral	**47**	9
Interest receivable and similar income	**2,927**	1,095
Deposits by banks and customers	**(1,573)**	(351)
Subordinated debt	**(263)**	(116)
Interest expense on assets	**—**	(54)
Interest on lease liabilities	**(2)**	(3)
Interest payable and similar expense	**(1,838)**	(524)
Net interest income	**1,089**	571

	2023 $M	2022 $M
Amounts above include:		
Net interest (expense)/ income due to affiliated companies	**(683)**	(175)

6. NET FEE AND COMMISSION INCOME

	2023 $M	2022 $M
Investment Banking Fees		
Financial advisory services	**114**	239
Loan syndication fees	**33**	40
	147	279
Card Income		
Other card income	**41**	37
Interchange fees income	**114**	117
	155	**154**
Service charges		
Loan commitment fees	**81**	70
Foreign draft fees	**39**	36
Other	**57**	50
	177	**156**
Total fee and commission income	**479**	589
Card expenses	**(9)**	(7)
Interchange fees expense	**(106)**	(109)
Other	**(13)**	(14)
Fee and commission expense	**(128)**	(130)
Net fee and commission income	**351**	459

The net fee and commission income above includes income of $446 million (2022: $549 million) and expense of $128 million (2022: $130 million) relating to financial assets and liabilities not measured at FVPL. These figures exclude amounts incorporated in determining the effective interest rate on such financial assets and financial liabilities i.e. upfront fee, which is included in Loans and Advances in Note 5 Net Interest Income above.

7. NET INCOME/ (EXPENSE) FROM OTHER FINANCIAL INSTRUMENTS AT FVPL

The table below shows net (expense)/income from financial instruments measured at FVPL, other than those included in net trading income.

	2023 $M	2022 $M
Derivatives	**(40)**	(23)
Equity instruments	**4**	9
Loans and advances	**154**	(9)
Reverse repurchase agreements	**48**	16
	166	(7)

8. OTHER OPERATING INCOME

	2023	2022
	$M	$M
Service fee income	**1,102**	788
Occupancy income	**16**	44
Other	**4**	4
	1,122	836

9. ADMINISTRATIVE EXPENSES

	2023	2022
	$M	$M
Staff costs (see note 12)	**594**	497
Professional fees	**35**	49
Taxes	**47**	38
Regulatory fees and levies	**47**	49
Occupancy related expenses	**30**	33
Information processing and communications	**23**	20
Other	**33**	31
	809	717

10. OTHER OPERATING EXPENSE

	2023	2022
	$M	$M
Service fee expense	**420**	441

11. AUDITORS' REMUNERATION

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

	2023 $000	2022 $000
Fees for the audit of the Company	**1,481**	1,334
Fees for audit related assurance services	**48**	41
	1,529	1,375

Audit related assurance service fees of $16,000 (2022: $14,000) relate to Country by Country Reporting and $32,000 (2022: 27,000) relate to fees in respect of reporting on Agreed-Upon procedures on contributions to the Single Resolution Fund submissions.

12. STAFF COSTS

	2023 $M	2022 $M
Wages and salaries	**496**	424
Social security costs	**60**	49
Defined benefit and defined contribution pension scheme costs (see note 36)	**38**	24
	594	497

Included within wages and salaries are charges relating to share based compensation plans as determined in note 2.27, see note 14 for further details.

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

	2023 No.	2022 No.
Support, operations and technology	**2,076**	1,783
Trading, sales and advisory	**472**	478
	2,548	2,261

13. DIRECTORS' REMUNERATION

Of the directors that served during the year and up to the date of approval of this report, 11 (2022: 11) were remunerated by the Company and the amounts included below are those relating to their services as directors for the Company based on an estimated time allocation basis.

	2023	2022
	$'000	$'000
Non-executive directors fees	**1,103**	1,138
Emoluments	**4,304**	3,870
Pension contributions	**—**	—
	5,407	5,008

14. SHARE BASED PAYMENTS

BAC administers a number of equity compensation plans, with awards being granted predominantly from the Bank of America Corporation Equity Plan ("BACEP") (previously known as the Bank of America Corporation Key Employee Equity Plan ("KEEP"). Under this plan, shares of BAC's common stock are authorised to be used for grants of awards to the Company's employees.

During the year ended 31 December 2023, BAC granted restricted stock unit ("RSU") awards to certain employees of the Company under the BACEP, which will settle predominantly in shares of common stock of BAC. The four-year awards vest primarily in one-fourth increments on each of the first four anniversaries of the grant date, provided that the employee remains continuously employed with the Company during that time. The expense recognised is net of estimated forfeitures for non-retirement eligible employees based on the grant-date fair value of the shares. For RSUs granted to employees who are retirement eligible, they are deemed authorised as of the beginning of the year preceding the grant date when the incentive award plans are generally approved. As a result, the estimated value is expensed ratably over the year preceding the grant date.

Certain awards contain claw back provisions which permit BAC to cancel all or a portion of the award under specified circumstances.

Recipients of RSU awards may receive cash payments equivalent to dividends. For awards that are not dividend-eligible, the fair value measurement of the award is decreased to reflect the expected value of the dividends that similar awards would be eligible to receive.

The total pre-tax compensation cost recognised in profit and loss for share-based compensation plans for the period ended 31 December 2023 was $73m (2022: $32m), including the incremental effects of the chargeback agreement with BAC.

15. TAXATION

	2023 $M	2022 $M
Current tax		
Corporate Tax	**71**	—
Foreign tax	**360**	131
Total current tax	**431**	131
Deferred tax		
Origination and reversal of timing differences (see note 27)	**(39)**	40
Impact of tax rate changes (see note 27)	**—**	4
Total deferred tax	**(39)**	44
Total tax expense for the year	**392**	175

The table below shows the reconciliation between the actual tax expense (benefit) and that which would result from applying the standard Irish corporation tax rate to the Company's profit before tax.

	2023 $M	2023	2022 $M	2022
Profit before tax	**1,839**	**100 %**	714	100 %
Tax calculated at Irish tax rate applicable of 12.50%	**230**	**12.5 %**	89	12.5 %
Tax effects of:				
Expenses not deductible for tax purposes	**(1)**	**(0.1)%**	(2)	(0.2)%
Impact of foreign taxes	**163**	**8.9 %**	81	11.4 %
Changes in deferred tax recognised on tax losses	**—**	**—**	3	0.4 %
Impact of tax rate changes	**—**	**—**	4	0.5 %
Total tax expense for the year	**392**	**21.3 %**	**175**	**24.5 %**

The effective tax rate for 2023 is 21.3% (2022: 24.5%).

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Factors that may affect future tax charges are disclosed in note 27 Deferred Tax.

16. CASH HELD AT CENTRAL BANKS

	2023	2022
	$M	$M
Balances with central banks other than mandatory reserve deposits	**16,868**	18,207
Mandatory reserve deposits with central banks	**274**	606
	17,142	18,813

Mandatory reserve deposits with central banks are not available for use in the Company's day-to-day operations.

17. PROVISION FOR LOAN LOSS

Measurement of ECL

ECL is estimated using quantitative methods that consider a variety of factors such as historical loss experience, the current credit quality of the portfolio as well as an economic outlook over the life of the loan. Parameters include PD, LGD and EAD to estimate the likelihood and overall impact of default. The Company incorporates forward-looking information through the use of macroeconomic scenarios applied over the forecasted life of the assets in addition to a staging framework that helps inform a significant increase in credit risk. Qualitative reserves are included in the total allowance to cover losses that are expected but, in the Company's assessment, may not be adequately reflected in the quantitative methods or the economic assumptions described above.

The framework includes estimation of both 12-month and lifetime ECLs. When assessing the PD for loans classified as Stage 1 the projection looks forward no more than 12 months. When assessing the PD for loans classified as Stage 2 and 3 the Company considers the risk of default over the maximum contractual period (including any borrower's extension options) over which the Company is exposed to credit risk, even if, for risk management purposes, the Company considers a longer period. The maximum contractual period extends to the date at which the Company has the right to require repayment of an advance or to terminate a loan commitment or guarantee.

The LGD model informs the business of the expected severity of the losses it will suffer from different collateral and loan characteristics in stressed economic environments. The key characteristics of a commercial loan, such as collateral type, obligor size, country and the presence of a guarantor, which in combination with economic conditions, influence the loss severity rates.

The ECL model is frequently reviewed and improved to incorporate critical changes including but not limited to business requirements and regulatory guidance, which can impact ECL measurement.

Incorporation of forward-looking information

The Company incorporates forward looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL. This includes various estimates and assumptions, some of which require judgement. One use of judgement in the process is weighting forward-looking macroeconomic scenarios used within statistical models. While the Company generally relies on consensus estimates, any one economic outlook path is inherently uncertain, and as such the Company uses multiple macroeconomic scenarios in its ECL calculation.

17. PROVISION FOR LOAN LOSS (CONTINUED)

As at 31 December 2023 five scenarios were used. These included:

- a baseline scenario in line with consensus estimates;
- two downside scenarios which reflects an extended moderate recession and persistent inflation with interest rate levels above what is factored into the baseline;
- a tail risk severe recessionary scenario; and
- an upside scenario considered to account for the potential improvement above the baseline scenario.

These scenarios include key macroeconomic variables that have historically been drivers of increases and decreases in credit losses. These variables include, but are not limited to, unemployment rate, GDP levels and corporate bond spreads. As at 31 December 2023, the weighted economic outlook assumes that the UK unemployment rate and EU Developed Market High Yield at the end of 2023 would be around 4.9% and 7.5% respectively. The below table summarises the range of some of the macroeconomic inputs utilised within the model across the Company's chosen scenarios:

	Baseline scenario	Range across scenario		
Macroeconomic Variables	**2024**	**2024**	**2025**	**2026**
UK Unemployment %	4.6	4.5 - 6.9	4.3 - 7.8	3.9 - 6.6
UK Real GDP %	0.4	(4.0) - 1.7	0.8 - 2.6	0.6 - 2.3
France Real GDP %	0.7	(3.5) - 1.6	0.5 - 3.0	1.0 - 2.7
Germany Real GDP %	0.9	(4.5) - 2.1	0.3 - 2.6	0.5 - 2.7
EU Developed Market High Yield Spread %	5.6	4.6 - 18.8	4.9 - 14.0	5.4 - 8.0

Further sensitivity information is provided below to illustrate how changes in the macroeconomic assumptions could impact the modelled ECLs. However, it is not intended to forecast how the allowance for credit losses is expected to change in a different macroeconomic outlook. As with any economic forecast, the projections and likelihoods of occurrence are subject to a high degree of inherent uncertainty and therefore the actual outcomes may be significantly different to those projected. Considering the variety of factors contemplated when developing and weighting macroeconomic outlooks such as recent economic events, leading economic indicators, views of internal and third-party economists and industry trends, in addition to other qualitative factors, the Company believes the allowance for credit losses at 31 December 2023 reflects an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, the time value of money, and reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

Credit risk ratings

In addition to the above judgements and estimates around macroeconomic expectations, the allowance for credit losses can also be impacted by changes in asset quality of the portfolio, such as increases or decreases in credit and / or internal risk ratings within the portfolio.

17. PROVISION FOR LOAN LOSS (CONTINUED)

As part of its risk management process, the Company assigns numeric risk ratings to its corporate loan facilities based on quantitative and qualitative assessments of the obligor and facility. These risk ratings are reviewed at least annually or more often if material events have occurred related to the obligor or facility.

Credit risk ratings are a primary input into the determination of the term structure of PD for exposures. As well as by credit risk rating, the Company collects performance and default information about its credit risk exposures analysed by jurisdiction or region and by type of product and borrower. The Company employs statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures and how these are expected to change as a result of the passage of time.

Determining a significant increase in credit risk

For a loan to qualify to be treated for lifetime losses (as Stage 2 or 3 under IFRS 9) it must be credit impaired (Stage 3) or have experienced a significant increase in credit risk. When determining whether the risk of default on a financial instrument has increased significantly since initial recognition, the Company compares the remaining lifetime PD as at the reporting date with the remaining lifetime PD at initial recognition adjusted as relevant for changes in prepayment expectations. The Company calculates the remaining lifetime PD using the same methodology, obligor level data elements and forecasted macroeconomic scenarios and weights used to calculate ECL. The Company has established thresholds based on both absolute and relative change in PD, leveraging internal credit risk officers' definition of significant credit deterioration. In addition to quantitative review of PD and risk rating changes, qualitative factors aligned to internal credit risk officers' view of risk management are considered, including the overall risk rating of the obligor in periods subsequent to origination. Further, the Company applies the presumption based on delinquency, such that instruments which are more than 30 days past due should be considered to have a significant increase in credit risk. Financial instruments that have been determined to have a significant increase in credit risk are subsequently reviewed in line with rating timelines to identify whether there has been an improvement of credit quality in the underlying instrument.

The Company continues to closely monitor the macroeconomic and geopolitical risks as they evolve and places a high level of focus on the selection of scenarios and the amount of weighting given to each scenario, both of which are reviewed on a quarterly basis. These selections depend on a variety of factors including recent economic events, leading economic indicators and views of internal and third-party economists and industry trends. The Company also includes qualitative reserves to cover losses that are expected but, in the Company's assessment, may not be adequately represented in the quantitative models or economic assumptions described above. For illustration, factors that the Company considers include, but are not limited to: changes in business conditions, asset quality, the nature and size of the portfolio, and portfolio concentrations. Further, the Company considers the inherent uncertainty in statistical models that are built on historical data.

Sensitivity

The calculation of the ECL allowance is dependent on a number of judgements and estimates as to the inputs and assumptions inherent in the model. Variables around stage determination, scenario weighting, and other macroeconomic forecast assumptions are considered to have the most material impact on the ECL calculations for the Company's third party loan and lease population. Review of the assumptions is integrated into the Company's risk and governance processes. As part of these governance processes, the Company has adopted a framework to assess certain risks that may not be fully captured in the modelled ECL computation. These factor into the ECL an estimated impact from higher-risk segments that includes, but are not limited to leveraged loans or certain industries. The Company considers concentration risk arising from the portfolio construction which includes large exposures to counterparties in Stage 1. In addition, Individual assessments are performed for exposures designated as non-performing. The results of this assessment are then overlaid to the modelled output to result in the overall ECL provision. Total judgemental overlays at 31 December 2023 amounted to $102 million (2022: $136 million) of which $86 million related to portfolio concentration and leverage.

17. PROVISION FOR LOAN LOSS (CONTINUED)

Whilst overlays to the modelled output are intended to ensure that the Company has appropriately captured the risks from which credit losses may be expected to arise, the ECL provision remains sensitive to changes in the model assumptions. To provide an illustration of the sensitivity of the macroeconomic scenarios and other assumptions on the estimate of its allowance for credit losses, the Company assessed modelled ECL changes driven by stage and scenarios, shown below:

- In relation to stage determination, calculating ECL for all loans on a 12 month basis (Stage 1) would reduce the allowance by approximately $29 million (2022: $52 million), whereas moving all loans to the lifetime loss horizon (Stage 2 or 3) would increase the ECL allowance by approximately $81 million (2022: $73 million).

- Running staging and ECL calculations using only the upside scenario would reduce the ECL allowance by approximately $32 million (2022: $47 million).

- The ECL allowance would increase by $199 million (2022: $237 million) if the most severe macroeconomic scenario was weighted to 100% probability.

While the sensitivity analysis may be useful to understand how changes in macroeconomic assumptions could impact the Company modelled ECLs, it is not meant to forecast how our allowance for credit losses is expected to change in a different macroeconomic outlook. Importantly, the above sensitivities do not incorporate a variety of factors, including qualitative reserves and the weighting of alternative scenarios, which could have offsetting effects on the estimate. For example: qualitative reserves are determined based on a number of risk factors not reflected in the modelled results and could increase or decrease depending on methodological or scenario weighting inputs.

Collective based and other loss allowance assessment

The primary credit exposures of the Company falling within the impairment provisions of IFRS 9 relate to the Company’s portfolio of loans and advances to third party customers and banks, as well as its third party loan commitments. Loss allowances for these financial instruments are modelled on an instrument-by-instrument basis, determining the relevant PD, LGD and EAD using statistical data as described above and throughout this note.

For other financial instruments the Company assesses the ECL on either a collective or an individual basis using a reduced complexity calculation, whilst still incorporating, where relevant, quantitative historical loss experience data and forward-looking information as well as qualitative information as to the nature of risks inherent in the instruments. In the case of the Company's reverse repurchase agreements, the majority of credit exposure is over collateralised and the Company's customer and other receivables are typically short dated. The Company's investment securities at FVOCI are held in high investment grade assets. As a result, the PD, LGD, or both are such that the resulting ECL is not significant to the Company. Actual amounts charged off during the year on these other financial instruments are also not significant to the Company. In light of this, separate disclosure of ECL allowance or amounts charged off on these instruments is not considered necessary in the financial statements.

17. PROVISION FOR LOAN LOSS (CONTINUED)

Reconciliation of loss allowance

The following tables show reconciliations from the opening to the closing balance of the loss allowance by class of financial instrument. An explanation of the terms: 12 month ECL, lifetime ECL and credit impaired is included within the accounting policy note 2.13.

Loans and advances to banks

	12 month ECL $M	Lifetime ECL Not credit impaired loans $M	Total $M
As at 1 January 2023	**3**	**4**	**7**
Transfers to 12 month ECLs	**1**	**(1)**	**—**
Transfers to lifetime ECLs - not credit impaired loans	**(2)**	**2**	**—**
New financial assets originated or purchased	**1**	**—**	**1**
Net changes in credit risk	**(2)**	**(3)**	**(5)**
Financial assets derecognised during the year (not charged off)	**—**	**(1)**	**(1)**
As at 31 December 2023	**1**	**1**	**2**

	12 month ECL $M	Lifetime ECL Not credit impaired loans $M	Total $M
As at 1 January 2022	3	3	6
Transfers to lifetime ECLs - not credit impaired loans	(5)	5	—
New financial assets originated or purchased	6	4	10
Net changes in credit risk	—	(5)	(5)
Financial assets derecognised during the year (not charged off)	(1)	(3)	(4)
As at 31 December 2022	3	4	7

17. PROVISION FOR LOAN LOSS (CONTINUED)

Loans and advances to customers

	12 month ECL	**Lifetime ECLs Not credit impaired loans**	**Lifetime ECLs Credit impaired loans**	**Total**
	$M	**$M**	**$M**	**$M**
As at 1 January 2023	**27**	**69**	**76**	**172**
Transfers to 12 month ECLs	**14**	**(14)**	**—**	**—**
Transfers to lifetime ECLs - not credit impaired loans	**(4)**	**4**	**—**	**—**
Transfers to lifetime ECLs - credit impaired loans	**—**	**(4)**	**4**	**—**
New financial assets originated or purchased	**16**	**8**	**—**	**24**
Net changes in credit risk	**(13)**	**15**	**10**	**12**
Changes to model assumptions and methodologies	**(8)**	**(4)**	**(7)**	**(19)**
Amounts charged off	**—**	**—**	**(27)**	**(27)**
Financial assets derecognised during the year (not charged off)	**(6)**	**(27)**	**(27)**	**(60)**
Foreign exchange and discounting adjustments	**(1)**	**(1)**	**(2)**	**(4)**
As at 31 December 2023	**25**	**46**	**27**	**98**

	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	Total
	$M	$M	$M	$M
As at 1 January 2022	32	44	40	116
Transfers to 12 month ECLs	10	(10)	—	—
Transfers to lifetime ECLs – not credit impaired loans	(18)	19	(1)	—
Transfers to lifetime ECLs – credit impaired loans	—	(52)	52	—
New financial assets originated or purchased	20	5	5	30
Net changes in credit risk	(11)	105	39	133
Changes to model assumptions and methodologies	1	—	5	6
Amounts charged off	—	—	(35)	(35)
Financial assets derecognised during the year (not charged off)	(8)	(47)	(37)	(92)
Foreign exchange and discounting adjustments	1	5	8	14
As at 31 December 2022	27	69	76	172

17. PROVISION FOR LOAN LOSS (CONTINUED)

Guarantees and commitments

	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	Total
	$M	$M	$M	$M
As at 1 January 2023	**40**	**74**	**11**	**125**
Transfers to 12 month ECLs	**27**	**(27)**	**—**	**—**
Transfers to lifetime ECLs - not credit impaired loans	**(12)**	**13**	**(1)**	**—**
Transfers to lifetime ECLs - credit impaired loans	**—**	**(2)**	**2**	**—**
New guarantees / commitments originated or purchased	**23**	**9**	**—**	**32**
Net changes in credit risk	**(30)**	**7**	**(2)**	**(25)**
Changes to model assumptions and methodologies	**(5)**	**(3)**	**(1)**	**(9)**
Financial assets derecognised during the year (not charged off)	**(14)**	**(10)**	**—**	**(24)**
Foreign exchange and discounting adjustments	**—**	**(2)**	**—**	**(2)**
As at 31 December 2023	**29**	**59**	**9**	**97**

	12 month ECL	Lifetime ECLs Not credit impaired loans	Lifetime ECLs Credit impaired loans	Total
	$M	$M	$M	$M
As at 1 January 2022	44	54	12	110
Transfers to 12 month ECLs	14	(14)	—	—
Transfers to lifetime ECLs - not credit impaired loans	(13)	13	—	—
Transfers to lifetime ECLs - credit impaired loans	—	(2)	2	—
New guarantees / commitments originated or purchased	37	16	1	54
Net changes in credit risk	(20)	26	(5)	1
Changes to model assumptions and methodologies	1	3	1	5
Financial assets derecognised during the year (not charged off)	(24)	(25)	—	(49)
Foreign exchange and discounting adjustments	1	3	—	4
As at 31 December 2022	40	74	11	125

17. PROVISION FOR LOAN LOSS (CONTINUED)

Lifetime ECL on Credit Impaired Loans includes any ECL on Purchased or Originated Credit Impaired ("POCI") loans. As at 31 December 2023, total exposure amount on POCI loans is $377 million (2022: $378 million) of which the loss allowance provided is $11 million (2022: $7 million).

The contractual amount outstanding on financial assets that were charged off during the year ended 31 December 2023 and that are still subject to enforcement activity is $8 million (2022: $38 million).

Impact to the loss allowance of the significant changes in the total exposure amount

During the year the exposure on 3rd party loans and advances impacting the loss allowance increased by $6 billion reflecting growth of drawn and undrawn loan facilities. Loans identified as Stage 1 increased by approximately $14 billion and loans identified as Stage 2 loans decreased by $8 billion reflecting improvement in scenarios and changes in asset quality. However, loan volumes in Stage 3 remained largely consistent during the year.

ECL on the total exposure amount decreased by $92 million across Stage 2 and Stage 3 positions and by $15 million for Stage 1 positions. This decrease was driven by loan repayments, disposals and improving credit quality of the portfolio amidst a more favourable macroeconomic forecast.

The overall allowance (including ECL on off-balance sheet guarantees and commitments) decreased from an amount of $304 million as at 31 December 2022 to $197 million as at 31 December 2023.

Modified financial assets

The contractual terms of a loan may be modified for a number of reasons, including changing market conditions, customer retention and other factors not related to a current or potential credit deterioration of the customer. An existing loan whose terms have been modified may be derecognised and the renegotiated loan is recognised as a new loan at fair value in accordance with the accounting policy set out in note 2.17. Where the modification does not result in derecognition of the financial asset, the gross carrying value of the asset is recalculated and the difference is recognised as a modification gain or loss.

For further information on the Company’s exposure to and management of credit risk, see note 43.

18. MARKET AND CLIENT RECEIVABLES

	2023 **$M**	2022 $M
On demand	**1,427**	810
Amounts above include:		
Due from affiliated companies	**1,145**	532

Market and client receivables relate to cash collateral and trades pending settlement and are considered by the Company to be repayable on demand. Due to the short-term contractual nature of the receivable balances, credit losses are not probable/expected due to minimal credit involved.

19. LOANS AND ADVANCES TO BANKS

	2023	2022
	$M	$M
Gross carrying amount of loans and advances to banks at amortised cost	**8,378**	7,565
Allowance for impairment (see note 17)	**(2)**	(7)
	8,376	7,558
Loans and advances to banks at FVPL	**472**	422
Total loans and advances to banks	**8,848**	7,980

	2023	2022
	$M	$M
Analysed by maturity		
On demand	**6,328**	1,823
Within three months	**609**	3,580
Between three months and one year	**415**	612
Between one year and five years	**1,344**	1,740
After more than five years	**154**	232
	8,850	7,987
Allowance for impairment	**(2)**	(7)
Total loans and advances to banks	**8,848**	7,980
Amounts above include:		
Due from affiliated companies	**6,163**	5,067

Included within loans and advances to banks at FVPL is an amount of $472 million (2022: $422 million) relating to deposits held as part of certain derivative sinking fund transactions and are not available for use in the Company's day–to–day operations.

20. LOANS AND ADVANCES TO CUSTOMERS

	2023 $M	2022 $M
Gross carrying amount of loans and advances to customers at amortised cost	**29,566**	26,446
Allowance for impairment (see note 17)	**(98)**	(172)
	29,468	26,274
Loans and advances to customers at FVPL	**2,603**	3,569
Total loans and advances to customers	**32,071**	29,843

	2023 $M	2022 $M
Analysed by maturity		
On demand	**313**	200
Within three months	**855**	3,036
Between three months and one year	**2,873**	4,544
Between one year and five years	**16,568**	16,497
More than five years	**11,560**	5,738
	32,169	30,015
Allowance for impairment (see note 17)	**(98)**	(172)
Total loans and advances to customers	**32,071**	29,843

Loans and advances to customers includes $18 million (2022: $13 million) of finance lease receivables. See note 25 for further details regarding these finance leases.

21. REVERSE REPURCHASE AGREEMENTS

	2023 $M	2022 $M
Reverse repurchase agreements at amortised cost	**8,752**	7,501
Reverse repurchase agreements at FVPL	**828**	1,817
	9,580	9,318
Analysed by maturity		
On demand	**7,557**	7,001
Within three months	**119**	634
Between three months and one year	**1,194**	852
Between one year and five years	**710**	831
	9,580	9,318
Amounts above include:		
Due from affiliated companies	7,255	7,251

22. TRADING ASSETS

	2023 $M	2022 $M
Government debt securities	**287**	210
Traded loans	**1,003**	1,330
Other debt securities	**63**	21
	1,353	1,561

	2023 $M	2022 $M
Analysed by maturity		
On demand	**60**	—
Within three months	**28**	118
Between three months and one year	**135**	218
Between one year and five years	**678**	781
More than five years	**452**	444
	1,353	1,561

Distressed debt assets included in the above are presented according to their contractual maturity. Where the contractual maturity date has passed, or the resulting claim is otherwise to be settled at an uncertain date in the future, the balance has been presented as due within three months amounting to $0 million (2022: $98 million).

23. INVESTMENT SECURITIES

	2023 $M	2022 $M
Debt instruments held at FVOCI	**2,226**	322
Equity instruments held at FVPL	**47**	47
	2,273	369

	2023 $M	2022 $M
Analysed by maturity		
Debt instruments :		
On demand	**127**	—
Within three months	**1,152**	187
Between three months and one year	**947**	135
	2,226	322

Equity Instruments $47million does not have a specific maturity date and not disclosed under Maturity analysis above.

24. PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvements $M	Office equipment $M	Total $M
COST OR VALUATION			
At 1 January 2023	**79**	**30**	**109**
Additions	**3**	**4**	**7**
Reclassification	**—**	**—**	**—**
Disposals	**—**	**(1)**	**(1)**
Effect of movement in exchange	**1**	**1**	**2**
Other Changes- Transfers	**—**	**(1)**	**(1)**
At 31 December 2023	**83**	**33**	**116**
DEPRECIATION			
At 1 January 2023	**42**	**20**	**62**
Depreciation for the year	**8**	**4**	**12**
Reclassification	**—**	**—**	**—**
Disposals	**—**	**(1)**	**(1)**
Effect of movement in exchange	**1**	**1**	**2**
Other Changes- Transfers	**—**	**—**	**—**
At 31 December 2023	**51**	**24**	**75**
NET BOOK VALUE			
At 31 December 2023	**32**	**9**	**41**
At 31 December 2022	37	10	47

24. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

	Leasehold improvements $M	Office equipment $M	Total $M
COST OR VALUATION			
At 1 January 2022	184	42	226
Additions	6	1	7
Reclassification	6	(6)	—
Disposals	—	(1)	(1)
Effect of movement in exchange	(3)	1	(2)
Other Changes- Transfers	(114)	(7)	(121)
At 31 December 2022	79	30	109
DEPRECIATION			
At 1 January 2022	111	21	132
Depreciation for the year	14	4	18
Reclassification	(1)	1	—
Disposals	—	1	1
Effect of movement in exchange	2	(3)	(1)
Other Changes- Transfers	(84)	(4)	(88)
At 31 December 2022	42	20	62
NET BOOK VALUE			
At 31 December 2022	37	10	47
At 31 December 2021	73	21	94

25. LEASES

Lessor arrangements

The Company's lessor arrangements consist of finance leases for equipment and machinery. Lease agreements may include options to renew or for the lessee to purchase the leased item at the end of the lease term.

For the period ended 31 December 2023 total lease income is $1 million (2022: $1 million), which relates to finance income on the net investment in finance leases. This is reflected in interest income on loans and advances to customers and banks in note 5.

The following table sets out the maturity analysis of the Company's finance lease receivables:

	2023	2022
	$M	$M
Less than one year	**3**	8
One to two years	**3**	2
Two to three years	**3**	2
Three to four years	**3**	1
Four to five years	**3**	—
More than five years	**5**	—
	20	13
Discounted unguaranteed residual value	**—**	—
Unearned finance income	**(2)**	—
Net investment in lease	**18**	13

The Company’s finance leases include agreements where the finance income is based on floating rates of interest. For these agreements, the amounts included above represent the fixed principal repayments only.

Lessee arrangements

The Company's lessee arrangements consist of leases for premises. Lease terms may contain renewal and extension options and early termination features. Generally, these options do not impact the lease term because the Company is not reasonably certain that it will exercise the options. The weighted-average lease term was 6 years at 31 December 2023 (2022: 7 years).

	2023	2022
	$M	$M
Carrying amount as at 1 January	**103**	417
Carrying amount at 31 December	**89**	103

Addition to the right-of-use assets during the year totalled $4 million (2022: $6 million)

25. LEASES (CONTINUED)

Lease liabilities

	2023 $M	2022 $M
Maturity analysis – contractual undiscounted cash flows		
Less than one year	**23**	22
One to five years	**62**	72
More than five years	**22**	24
	107	118

	2023 $M	2022 $M
Lease liabilities included in the statement of financial position		
Less than one year	**22**	21
More than one year	**79**	92
Total lease liability (see note 32)	**101**	113

	2023 $M	2022 $M
Amounts recognised in profit or loss		
Interest on lease liabilities (see note 5)	**2**	3
Amortisation charge for the year	**20**	32
Variable lease payments not included in the measurement of lease liabilities	**7**	9

Variable lease costs primarily relate to business rates payable as part of the Company's leasing arrangements.

The total cash outflow for leases during the year was $23 million (2022: $30 million).

26. OTHER ASSETS

	2023	2022
	$M	$M
Fee and commission receivable	**26**	84
Amounts owed by group undertakings	**197**	257
Taxation	**109**	138
Prepaid Expense	**9**	(2)
Other	**98**	82
	439	559

Amounts owed by group undertakings are repayable on demand.

27. DEFERRED TAXATION

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

Movement in deferred tax balances

	1 January 2023	**Recognised in P&L**	**Recognised in OCI**	**Balance Sheet**	**31 December 2023 Net**
	$M	**$M**	**$M**	**$M**	**$M**
Lease-ROU Asset	**—**	**(19)**	**—**	**—**	**(19)**
Lease-Liability	**—**	**21**	**—**	**—**	**21**
Retirement benefit obligation	**—**	**12**	**3**	**—**	**15**
Fixed Assets	**—**	**(4)**	**—**	**22**	**18**
Capital gains on unlisted securities	**(2)**	**—**	**—**	**—**	**(2)**
Share based payments	**17**	**26**	**—**	**—**	**44**
Provision for Loans	**(18)**	**4**	**—**	**—**	**(14)**
Goodwill	**15**	**(1)**	**—**	**—**	**14**
Net tax assets/(liabilities)	**12**	**39**	**3**	**22**	**77**

	1 January 2022	Recognised in P&L	Recognised in OCI	Balance Sheet	31 December 2022 Net
	$M	$M	$M	$M	$M
Tax losses carried forward	32	(32)	—	—	—
Fixed Assets	43	(4)	—	(39)	—
Capital gains on unlisted securities	(2)	—	—	—	(2)
Share based payments	28	(11)	—	—	17
Provision for Loans	(24)	6	—	—	(18)
Goodwill	18	(3)	—	—	15
Net tax assets/(liabilities)	95	(44)	—	(39)	12

27. DEFERRED TAXATION (CONTINUED)

The deferred tax assets on the statement of financial position of $77 million (2022: $12 million) relate to temporary differences.

Management has concluded that these deferred tax assets will be fully recovered in the future based on financial results, forecasts of future taxable profit and the respective carryforward periods.

$22 million of deferred tax asset recognised on unclaimed Capital Allowances was transferred back from BANA London to BofA Europe London. This aligns the deferred tax asset with the final taxation assessment completed in respect of the prior financial period.

As at 31 December 2023, the Company has unrecognised tax losses of $866 million (2022: $1,533 million) primarily in relation to the restricted tax losses pertaining to London branch. These losses can be carried forward indefinitely and are restricted for use against London branch profits in respect of Irish corporation tax. Furthermore, the Company has unrecognised foreign tax credits of $615 million (2022: $437 million). Deferred tax assets have not been recognised in respect of these items because it is not probable that future taxable profits and gains will be available against which they can be utilised.

28. DEPOSITS BY BANKS

	2023 $M	2022 $M
Analysed by maturity		
On demand	**1,071**	812
Within three months	**9**	60
Between three months and one year	**1**	2
Between one year and five years	**14,341**	26,157
	15,422	27,031
Amounts above include:		
Due to affiliated companies	**14,981**	26,634

29. DEPOSITS BY CUSTOMERS

	2023 $M	2022 $M
Analysed by maturity		
On demand	**18,932**	19,672
Within three months	**—**	854
Between three months and one year	**857**	65
Between one year and five years	**14,927**	419
	34,716	21,010
Amounts above include:		
Due to affiliated companies	**16,020**	1,372

30. MARKET AND CLIENT PAYABLES

	2023 $M	2022 $M
Analysed by maturity:		
On demand	**848**	984
Amounts above include:		
Due to affiliated companies	**13**	265

Market and client payables relate to cash collateral and trades pending settlement.

31. DEBT SECURITIES

Debt securities consist entirely of certificates of deposit and are analysed by maturity below:

	2023 $M	2022 $M
On demand	**99**	—
Within three months	**783**	961
Between three months and one year	**342**	106
	1,224	1,067

32. OTHER LIABILITIES

	2023 $M	2022 $M
Amounts owed to affiliated companies	**137**	170
Tax liabilities	**175**	54
Provisions (see note 33)	**97**	125
Lease liabilities (see note 25)	**101**	113
Trading liabilities	**5**	1
Merchant clearing	**30**	142
Other	**454**	294
	999	899

Amounts owed to affiliated companies are payable on demand. The other category primarily relates to amounts payable in the process of settlement.

Trading liabilities of $5 million (2022: $1 million) consist of fair value of unfunded loans managed on a trading basis.

33. PROVISIONS

	2023 $M	2022 $M
Provision for loan loss - credit extension commitments (see note 17)	**97**	125
	97	125

At 31 December 2023, the company had $97 million provisions for loan loss - credit extension commitments reflected in Other Liabilities.

34. ACCRUALS

	2023 $M	2022 $M
Employee benefits	**78**	73
Payroll taxes	**30**	30
Accrued expenses and deferred income	**29**	26
	137	**129**

35. DEBT ISSUED AND OTHER BORROWED FUNDS

Subordinated debt from affiliated companies	2023	2022
	$M	$M
US Dollar denominated loan note maturing in 2033 and bearing interest at overnight SOFR Rate with daily reset (2022: quarterly reset) plus 217 basis points	2,000	2,000
US Dollar denominated internal MREL loan maturing in 2026 and bearing interest at SOFR Rate with daily reset plus 77 basis points	2,000	2,000
	4,000	4,000

The 2033 loan qualifies as a Tier 2 instrument for regulatory capital purposes and may only be repaid, in full or in part, before the maturity date in the event of a change to the laws and regulations that govern these instruments that would exclude the loan from being a Tier 2 instrument or the tax treatment of the instrument. Early repayment can only occur after giving notice and obtaining permission from the CBI and the ECB. In relation to the subordination rights of this loan in the event of a winding up of the company, this loan ranks behind senior debt, ranks pari passu with other Tier 2 subordinated loans but ranks ahead of any equity issued by the company.

The Minimum requirements for own funds and eligible liabilities ("MREL") loan does not qualify as a tier 2 instrument for regulatory capital purposes. The loan may be repaid before the maturity date subject to certain conditions being met and provided the CBI and Single Resolution Board (SRB) have been notified and if necessary, have given their approval for such a repayment. The MREL is subject to automatic bail-in requirements. This loan is subordinate to senior debt but is senior to Tier 2 subordinated loans and equity.

The naming convention of the Financial Statements line item for this note is changed from "Subordinate Liabilities" in 2022 to "Debt Issued and Other borrowed Funds" in 2023.

36. RETIREMENT BENEFIT OBLIGATIONS

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

a. Defined contribution schemes

The main schemes are:

- The Bank of America UK Retirement Plan (formerly the Bank of America Merrill Lynch UK Pension Plan) ("the UK Plan") which is generally available to the employees of the London branch of the Company. The principal employer of the UK Plan is Merrill Lynch International ("MLI").
- The Bank of America Ireland Pension Scheme (formerly the Bank of America Merrill Lynch Ireland Pension Scheme) ("the Ireland Plan") which is generally available to the employees of the Company based in Ireland.

The costs of defined contribution pension schemes are a percentage of each employee's plan salary for the UK Plan based on the length of service. The employer pays between 8% and 12% of plan salary. The costs are a percentage of each employee's salary for the Ireland Plan and are based on member contributions and length of service. The employer contribution rates are between 6% and 15% of pensionable salary. The costs are charged to the income statement in the period in which they fall due.

The Company's pension cost for the year in respect of defined contribution schemes was $32 million (2022: $19 million).

b. Defined benefit schemes

The Company participates in defined benefit plans relating to former BAC Group branches and legal entities. The plans consist of both funded and unfunded arrangements.

The main defined benefit obligations of the Company are in respect of German and Swiss employees. There are also defined benefit obligations relating to French, Dutch and Italian employees.

b.i. Defined benefit scheme - Switzerland

The Zurich Plan is a stand-alone pension foundation (the "Foundation") providing cash balance benefits in accordance with mandatory Bundesgesetz über die berufliche Alters-, Hinterlassenen- und Invalidenvorsorge / Loi Fédérale sur la Prévoyance Professionnelle Vieillesse, Survivants et Invalidité ("LPP/BVG") requirements. The retirement benefits are provided either as a lump sum at retirement, or as an annuity, and there are associated benefits on death or disability. The Foundation is governed by a Board, which is legally responsible for all aspects of the operation of the Foundation including overseeing the investments and the distribution of the benefits.

There is equal representation of Board members with half appointed by the employer and half elected by the membership. The participating employers in the Foundation consists of the Company and other Swiss subsidiaries of the Bank of America Group and the Company is the principal employer in Switzerland.

The employer contributions are generally made in accordance with the benefit formula (i.e., contribution credits) plus an allowance for death and disability benefit costs and administration costs but under the plan rules and affiliation agreement the employer is contractually obliged to pay additional deficit contributions in the case of underfunding. Total defined benefit employer contributions made to plan assets in 2023 were $2 million (2022: $2 million).

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

In respect of future funding:

All employers – Employer share of the retirement credits: equal to the total credits less the member contributions as specified in the Zurich Plan rules.

All employers – 3.4% of total risk insured salaries for risk, administration and other costs: 1.6% of total insured salaries for risk benefits in respect of the Foundation’s risk insurance premium and an additional allowance for the administration and other costs of running the Zurich Plan.

Plan valuations under IAS19 are undertaken annually.

b.ii. Defined benefit schemes – Germany

The plans are as follows:

ML International Bank Defined Pension Plan is sponsored by the London branch of the Company. The plan relates to former German Global Wealth and Investment Management ("GWIM") employees.

ML Capital Markets Bank Defined Benefit Plan and the ML Capital Markets Bank Deferred Compensation Plan ("MLCMB DCP") are sponsored by the Dublin head office of the Company (for non-active members) and the Frankfurt branch of the Company (for active employees).

ML Management GmbH DB Plan is sponsored by the Frankfurt branch of the Company and consists of liabilities in respect of German employees following the dissolution of ML Management GmbH during 2016.

ML IM Defined Benefit Plan and ML IM DCP are sponsored by the Frankfurt branch of the Company. These plans relate to German former GWIM employees.

BofA Europe Pension Plan 1992 and BofA Europe DAC Pension Plan 1992 DCP are sponsored by the Frankfurt branch of the Company. These plans are both unfunded and relate to active members in Germany.

The Company applies a Book-Reserve funding approach to all these Defined Benefit Plans, with the exception of the MLCMB DCP which is partially funded by insurance contracts. The Company is also legally obliged to contribute to the Pension Protection Association (Pensions-Sicherungs-Verein aG – PSVaG), which protects the members benefit promises from employer insolvency. These promises are the direct responsibility of the Company. There are no Trustees or other such plan board members.

The Company is consequently exposed to interest, inflation, disability and mortality risks, and must have the available cashflow to meet the benefits when they fall due in future.

Total defined benefit employer contributions made to plan assets in 2023 were $16 million (2022: $3 million).

Plan valuations under IAS19 are undertaken annually.

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

b.iii. Defined benefit schemes - Other

The Other plans consist of a funded defined benefit pension arrangement in the Netherlands administered via an insurance contract held by the Company, an unfunded Termination Indemnity ("TFR") benefits arrangement in Italy as well as an unfunded defined benefit pension arrangement and a sabbatical programme in France.

Employer contributions in the Netherlands plan are equal to the ongoing insurance premiums and in the unfunded plans, are equal to the benefits due, which the employer pays directly. Total defined benefit employer contributions made to plan assets in 2023 were $1 million (2022: nil).

The below table shows the net pension liability on the statement of financial position and associated expense in the income statement. For some of the plans (ML International Bank Plan, MLIB Dublin Capital Markets Bank and MLIB Dublin Capital Markets Bank DCP), the currency of the underlying plan benefits does not match the Company's branches reporting currency. For these plans, results were first converted into the branch reporting currency, with currency gains or losses being recognised through profit and loss.

	2023	2022
	$M	$M
Fair value of scheme assets	**113**	105
Present value of defined benefit obligations	**(216)**	(206)
Net pension liability on statement of financial position	**(103)**	(101)
Current service cost	**3**	4
Interest expense	**3**	1
Branch currency (gains)/losses	**3**	(7)
Net defined benefit pension expense on income statement	9	(2)

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland	Present value of obligation Germany	Present value of obligation Other	Fair value of plan assets Switzerland	Fair value of plan assets Germany	Fair value of plan assets Other	Present value of obligation Total	Fair value of plan assets Total	Net pension liability
	$M	$M	$M	$M	$M	$M	$M	$M	$M
At 1 January 2023	(98)	(100)	(7)	97	4	3	(206)	105	(101)
Transferred in	—	—	—	—	—	—	—	—	—
	(98)	(100)	(7)	97	4	3	(206)	105	(101)
Amounts recognised in P&L:									
Current service cost	(2)	—	(1)	—	—	—	(3)	—	(3)
Interest expense	(2)	(3)	—	2	—	—	(6)	2	(3)
	(4)	(4)	(1)	2	—	—	(9)	2	(7)
Amounts recognised in OCI:									
Return on plan assets (excluding interest income)	—	—	—	6	—	—	—	6	6
Gain from change in experience assumptions	2	1	—	—	—	—	3	—	3
Gain from change in demographic assumptions	—	—	—	—	—	—	—	—	—
Loss from change in financial assumptions	(13)	(7)	—	—	—	—	(20)	—	(20)
	(11)	(6)	—	6	—	—	(17)	6	(11)

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland	Present value of obligation Germany	Present value of obligation Other	Fair value of plan assets Switzerland	Fair value of plan assets Germany	Fair value of plan assets Other	Present value of obligation Total	Fair value of plan assets Total	Net pension liability
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Foreign exchange differences	(10)	(3)	—	9	—	—	(14)	10	(4)
Profit and Loss	—	(2)	—	—	—	—	(2)	—	(2)
OCI	(10)	(1)	—	9	—	—	(11)	10	(2)
Contributions									
Employer	—	—	—	2	16	1	—	19	19
Plan participants	(1)	—	—	1	—	—	(1)	1	—
	(11)	(3)	—	12	16	1	(15)	29	15
Payments from plan									
Benefit payments	13	16	—	(13)	(16)	—	29	(29)	—
At 31 December 2023	(111)	(96)	(9)	104	5	4	(216)	113	(103)

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

	Present value of obligation Switzerland	Present value of obligation Germany	Present value of obligation Other	Fair value of plan assets Switzerland	Fair value of plan assets Germany	Fair value of plan assets Other	Present value of obligation Total	Fair value of plan assets Total	Net pension liability
	$M	$M	$M	$M	$M	$M	$M	$M	$M
At 1 January 2022	(126)	(150)	(9)	113	4	6	(285)	123	(162)
Transferred in	—	—	—	—	—	—	—	—	—
	(126)	(150)	(9)	113	4	6	(285)	123	(162)
Amounts recognised in P&L:									
Current service cost	(2)	(1)	(1)	—	—	—	(4)	—	(4)
Interest expense	—	(2)	—	1	—	—	(2)	1	(1)
	(2)	(3)	(1)	1	—	—	(6)	1	(5)
Amounts recognised in OCI:									
Return on plan assets (excluding interest income)	—	—	—	(11)	—	(2)	—	(13)	(13)
Loss from change in experience assumptions	(15)	(2)	—	—	—	—	(17)	—	(17)
Gain from change in demographic assumptions	—	—	—	—	—	—	—	—	—
Gain from change in financial assumptions	38	42	3	—	—	—	83	—	83
	23	40	3	(11)	—	(2)	66	(13)	53
Foreign exchange differences	2	10	1	(2)	—	(1)	13	(3)	10
Profit and Loss	—	7	—	—	—	—	7	—	7
OCI	2	3	1	(2)	—	(1)	6	(3)	3
Other change in defined benefit obligations	—	—	(1)	—	—	—	(1)	—	(1)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

	Present value of obligation Switzerland	Present value of obligation Germany	Present value of obligation Other	Fair value of plan assets Switzerland	Fair value of plan assets Germany	Fair value of plan assets Other	Present value of obligation Total	Fair value of plan assets Total	Net pension liability
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Contributions									
Employer	—	—	—	2	3	—	—	5	5
Plan participants	(1)	—	—	1	—	—	(1)	1	—
	1	10	—	1	3	—	11	3	14
Payments from plan									
Benefit payments	6	3	—	(6)	(3)	—	9	(9)	—
At 31 December 2022	(98)	(100)	(7)	97	4	3	(206)	105	(101)

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The principal actuarial assumptions were as follows and are weighted by the size of the pension liability:

	2023	2022
Discount rate	**2.16%**	2.93%
Pension growth rate	**0.96%**	0.99%
CPI inflation	**1.72%**	1.76%

	2023	2022
Life expectancy for males aged 65	**21**	21
Life expectancy for females aged 65	**24**	24
Life expectancy at 65 for male currently aged 50	**23**	23
Life expectancy at 65 for females currently aged 50	**25**	25

The mortality assumptions are based on actuarial advice in accordance with published statistics and past experience and allow for expected future improvements in mortality rates.

The overall plan assets (all of which are at quoted market price) are invested in the following asset classes:

	2023	2022
	$M	$M
Equities	**39**	31
Debt	**23**	17
Real Estate	**29**	24
Other	**22**	33
	113	105

The average durations of the year-end obligations were as follows:

	2023	2022
	Years	Years
Switzerland	**15**	14
Germany	**14**	13
Other plans	**15**	15

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

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

	Defined benefit obligation 2023 $M	Defined benefit obligation 2022 $M
Current value as at 31 December	**217**	206
Following a 1.0% increase in the discount rate	**—**	—
Change	**(31)**	(26)
New value	**186**	180
Following a 1.0% increase in the inflation assumption	**—**	—
Change	**12**	10
New value	**229**	216
Following an increase in life expectancy of one year	**—**	—
Change	**7**	5
New value	**224**	211

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

Changes in bond yields

Corporate bond yields of a term and currency similar to the liabilities are used as a basis for setting the discount rate for each plan. An increase in Eurozone and / or Swiss corporate bond yields will decrease the value placed on the plans' liabilities for accounting purposes.

Inflation risk

A proportion of the plans' benefit obligations are linked to inflation, and higher inflation will lead to higher liabilities.

Life expectancy

The majority of the plans' liabilities are to provide benefits for the life of the member, so increases in life expectancy will result in an increase in the liabilities.

The methods and assumptions used in preparing the sensitivity analyses required and the limitations of those methods :

Sensitivity results are calculated in the same way as the base results, at the same date, using the same actuarial methodology, but using assumptions necessary to conduct the sensitivity analyses. As required by IAS19, the actuarial model used for the calculation of the base and sensitivity results is the projected unit approach.

The valuations of plan obligations, assets and associated data for most plans were initially provided by local actuaries in accordance with US GAAP for the purpose of BAC accounting. These were then converted to IFRS. The assumptions, liabilities, assets, cashflows and sensitivity measures that were initially provided at year end under US GAAP are also suitable for use under IFRS without adjustment.

36. RETIREMENT BENEFIT OBLIGATIONS (CONTINUED)

The actuarial assumptions used for the IAS19 valuation and for the disclosure of pension costs in the annual report and accounts are set by the Company, audited by the auditor, but based on advice from the relevant local actuary. The economic assumptions used are deterministic rates. The discount rate is set based on the yields available on high-quality corporate bonds (usually taken to be AA rated) at an appropriate duration and currency to the liabilities. Other economic assumptions and all demographic assumptions are best-estimate assumptions, based on recommendations from the actuary.

The major assumptions have been evaluated and considered to be within the range of assumptions that are reasonable for the purposes for which they have been used. However, other assumptions are also reasonable and appropriate and their use would produce different results.

Changes from the previous period in the methods and assumptions used in preparing the sensitivity analysis, and the reasons for such changes :

There have been no changes to the methods used in preparing the sensitivity analysis. The methodology used to derive the underlying valuation assumptions is also unchanged compared to the prior year.

Expected contribution for year 2024

Employer contribution to the Defined Benefit schemes for the next annual reporting period is expected to be $2 million.

37. SHARE CAPITAL

	2023 $M	2022 $M
Authorised		
55,051,000 (2022: 55,051,000) Ordinary shares of $1.00 each	**55**	55
Called up, issued and fully paid		
32,067,011 (2022: 32,067,011) Ordinary shares of $1.00 each	**32**	32

38. RESERVES

Share premium account
Under the terms of the 2018 merger with Bank of America Merrill Lynch International Limited ("BAMLI Ltd"), a share of nominal value $1 was issued by the Company to the immediate parent BANA as consideration for the net assets of BAMLI Ltd. Group reconstruction relief was applied to limit the increase in the Company's share premium to $9,061 million.

Retained earnings
The difference between equity-settled share scheme awards costs as calculated in accordance with IFRS 2 Share Based Payments and the amounts recharged for such awards by the intermediate parent undertaking during the year was $5 million credit (2022: $3 million credit) and is included within profit and loss reserves.

Other reserves

Fair value through other comprehensive income reserve

The fair value through other comprehensive income reserve represents the changes in fair value through other comprehensive income investments since initial recognition.

Foreign exchange reserve
The foreign exchange reserve consists of translation differences arising on the profit and loss for the current year and on opening reserves on branches whose functional currency is not US dollars.

Capital contribution reserve
Merrill Lynch Europe Limited released the Company of intra-group pension obligation recharges of $59 million in 2015. This was treated as a capital contribution. The company recognised a decrease in the capital contribution reserve of $4 million due to acquisition of CTA reserves on liquidation of BANA Athens branch to BofA Europe Athens branch, wherein both having common parent.

	Fair value through other comprehensive income reserve $M	Foreign exchange reserve $M	Capital contribution reserve $M	Total $M
Other reserves				
As at 1 January 2023	**(4)**	**(27)**	**59**	**28**
Current year movement	5	47	(4)	48
As at 31 December 2023	**1**	**20**	**55**	**76**

39. OTHER FINANCIAL COMMITMENTS

	2023	2022
	$M	$M
Undrawn loan commitments	**45,241**	41,450
Purchase commitments	**286**	216
Standby letters of credit and financial guarantees	**454**	474
	45,981	42,140

The table above includes the notional amount of unfunded legally binding lending and purchasing commitments.

The Company enters into commitments to extend credit such as loan commitments, standby letters of credit and guarantees to meet the financing needs of its customers.

Legally binding commitments to extend credit generally have specified rates and maturities. Certain of these commitments have adverse change clauses that help to protect the Company against deterioration in the borrower’s ability to pay.

Purchase commitments are represented by open buy commitments to purchase loans, which have not yet been settled.

40. FINANCIAL INSTRUMENTS BY CATEGORY

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

31 December 2023

	Amortised cost	Mandatorily at FVPL	Designated at FVPL	FVOCI - debt instruments	FVPL - equity instruments	Total
	$M	$M	$M	$M	$M	$M
Cash at central banks	17,142	—	—	—	—	17,142
Market and client receivables	1,427	—	—	—	—	1,427
Loans and advances to banks	8,376	472	—	—	—	8,848
Loans and advances to customers	29,468	2,603	—	—	—	32,071
Reverse repurchase agreements	8,752	256	572	—	—	9,580
Trading assets	—	1,353	—	—	—	1,353
Investment securities	—	—	—	2,226	47	2,273
Derivative financial instruments	—	2,579	—	—	—	2,579
Other assets	321	—	—	—	—	321
Financial assets	65,486	7,263	572	2,226	47	75,594
Deposits by banks	15,422	—	—	—	—	15,422
Deposits by customers	34,716	—	—	—	—	34,716
Market and client payables	848	—	—	—	—	848
Debt securities	1,224	—	—	—	—	1,224
Derivative financial instruments	—	3,722	—	—	—	3,722
Financial liabilities designated FVPL	—	—	17	—	—	17
Other liabilities	722	—	5	—	—	727
Accruals	137	—	—	—	—	137
Debt Issued and other borrowed funds	4,000	—	—	—	—	4,000
Financial liabilities	57,069	3,722	22	—	—	60,813

40. FINANCIAL INSTRUMENTS BY CATEGORY (CONTINUED)

31 December 2022

	Amortised cost	Mandatorily at FVPL	Designated at FVPL	FVOCI - debt instruments	FVPL - equity instruments	Total
	$M	$M	$M	$M	$M	$M
Cash at central banks	18,813	—	—	—	—	18,813
Market and client receivables	810	—	—	—	—	810
Loans and advances to banks	7,558	422	—	—	—	7,980
Loans and advances to customers	26,274	3,569	—	—	—	29,843
Reverse repurchase agreements	7,501	1,817	—	—	—	9,318
Trading assets	—	1,561	—	—	—	1,561
Investment securities	—	—	—	322	47	369
Derivative financial instruments	—	2,714	—	—	—	2,714
Other assets	423	—	—	—	—	423
Financial assets	61,379	10,083	—	322	47	71,831
Deposits by banks	27,031	—	—	—	—	27,031
Deposits by customers	21,010	—	—	—	—	21,010
Market and client payables	984	—	—	—	—	984
Debt securities	1,067	—	—	—	—	1,067
Derivative financial instruments	—	3,598	—	—	—	3,598
Financial liabilities designated FVPL	—	—	71	—	—	71
Other liabilities	720	—	1	—	—	721
Accruals	129	—	—	—	—	129
Debt Issued and other borrowed funds	4,000	—	—	—	—	4,000
Financial liabilities	54,941	3,598	72	—	—	58,611

41. TRANSFERRED ASSETS AND UNCONSOLIDATED STRUCTURED ENTITIES

Nature, purpose and extent of the Company's exposure to structured entities

The Company enters into transactions in the normal course of business with various structured entities which have been designed to achieve a specific business objective. A structured entity (sometimes called a Special Purpose Entity ("SPE") is one that has been designed so that voting or similar rights are not the dominant factor in deciding who controls the entity.

The Company's exposure to structured entities relates to its provisioning of financing in the form of loans or similar advances to clients, backed by specific pools of assets. Structured entities' legal forms may vary, but generally include limited liability corporations, trusts, funds and partnership.

Sponsored entities

The Company considers itself the sponsor of a structured entity where it is primarily involved in the design and establishment of the structured entity; and where the Company transfers assets to the structured entity; markets products associated with the structured entity in its own name; provides operational support to ensure the continued operation of the structured entity and/or provides guarantees regarding the structured entity's performance.

Consolidated structured entities

The Company does not have any consolidated structured entities, because its involvement with structured entities does not result in the Company having control over their investment making decisions.

Unconsolidated structured entities

The Company's interest in an unconsolidated structured entity is considered as the contractual and non-contractual involvement that exposes the Company to variability of returns from the performance of the structured entity. An interest in another entity can be evidenced by, but is not limited to, the holding of equity or debt instruments as well as other forms of involvement such as the provision of funding, liquidity support, credit enhancement and guarantees.

The Company may provide financing to structured entities in the normal course of business. The Company assesses the risk and exposure of this activity consistently with other financing activities by reviewing the creditworthiness of the counterparties involved, the amount and quality of collateral in the vehicle, and the contractual arrangements in place including for example: any guarantees received from other parties. The Company typically does not consider itself to be the sponsor of the arrangements because it does not have a significant level of involvement in the design or operation of the structured entity. In such cases the Company reports this activity within loans and advances to customers consistent with other financing activities.

Commercial real estate securitisation

The Company uses structured entities to securitise commercial real estate loans and advances as a source of finance and a means of risk transfer. The loans and advances are transferred by the Company to the structured entities for cash, and the structured entities issue debt securities to investors. The transferred assets are typically derecognised from the Company's balance sheet, because the Company transfers substantially all of the risks and rewards of ownership of the asset. Refer to note 2.10 and 2.15 for the accounting policy that governs recognition and derecognition of financial assets.

41. TRANSFERRED ASSETS AND UNCONSOLIDATED STRUCTURED ENTITIES (CONTINUED)

The Company also has exposure to sponsored commercial real estate securitisation vehicles within its loans and advances portfolio where the assets were transferred to the structured entity by an affiliated company in the BAC Group.

The Company typically either retains a portion of the original loan, provides a separate issuer loan to the structured entity, or provides liquidity facilities to the structured entity. These are considered to represent the Company's continuing involvement in transferred financial assets that have been derecognised in full.

The following table shows the carrying amount of the Company's recorded interest in its statement of financial position as well as the maximum exposure to risk (as defined in the paragraph below) due to these exposures in the unconsolidated structured entities.

The Company's maximum loss exposure is based on the unlikely event that all of the assets in the structured entities become worthless and incorporates not only potential losses associated with assets recorded on the statement of financial position but also potential losses associated with off-balance sheet commitments, such as unfunded liquidity commitments and other contractual arrangements. The Company's maximum loss exposure does not include losses previously recognised through write-downs of assets.

	2023		2022	
	Carrying amount	**Maximum exposure to loss**	Carrying amount	Maximum exposure to loss
	$M	**$M**	$M	$M
Recorded interest in the statement of financial position				
Loans and advance to customers	**7**	**10**	7	11

The total size of these structured entities is $319 million (2022: $344 million). During the current and prior years the Company has not provided any non-contractual financial or other support to these unconsolidated structured entities.

Transferred financial assets that are derecognised in their entirety but where the Company has continuing involvement

The following table summarises the effect on the Company's statement of financial position and maximum exposure to loss as a result of its continuous involvement in transferred assets with structured entities.

	2023		2022	
	Carrying amount	**Maximum exposure to loss**	Carrying amount	Maximum exposure to loss
	$M	**$M**	$M	$M
Mortgage Loans	**175**	**184**	173	184

The amounts in the table above relate primarily to retained interests in SPEs.

The total size of these structured entities is $4,425 million (2022: $4,035 million). During the current and prior years the Company has not provided any non-contractual financial or other support to these SPEs.

There was no material income received by the Company during 2023 and prior years in relation to these transactions.

42. OFFSETTING

Financial assets and liabilities may be offset and the net amount reported in the statement of financial position only where the Company currently has a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

The following table presents financial instruments that are subject to enforceable master netting arrangements and other similar agreements but not offset. The column 'net amount' shows the impact on the Company's statement of financial position if all set-off rights were exercised.

31 December 2023

	Effects of offsetting on balance sheet			**Related amounts not offset**		
	Gross amounts recognised	**Gross amounts offset in the SOFP**	**Net amounts presented in the SOFP**	**Financial instruments**	**Cash collateral**	**Net amount**
	$M	**$M**	**$M**	**$M**	**$M**	**$M**
Assets						
Derivative financial instruments	**3,547**	**(968)**	**2,579**	**(1,325)**	**(662)**	**592**
Reverse repurchase agreements	**9,831**	**(251)**	**9,580**	**(9,580)**	**—**	**—**
Liabilities						
Derivative financial instruments	**4,474**	**(752)**	**3,722**	**(1,325)**	**(1,325)**	**1,072**
Repurchase agreements	**251**	**(251)**	**—**	**—**	**—**	**—**

31 December 2022

	Gross amounts recognised	Gross amounts offset in the SOFP	Net amounts presented in the SOFP	Financial instruments	Cash collateral	Net amount
	$M	$M	$M	$M	$M	$M
Assets						
Derivative financial instruments	3,714	(1,000)	2,714	(1,683)	(544)	487
Reverse repurchase agreements	9,569	(251)	9,318	(9,146)	—	172
Liabilities						
Derivative financial instruments	4,407	(809)	3,598	(1,683)	(690)	1,225
Repurchase agreements	251	(251)	—	—	—	—

Financial instruments included in “related amounts not offset” have been updated to include $9,580 million (2022: $9,146 million) reverse repo securities collateral received.

42. OFFSETTING (CONTINUED)

Financial instruments

The Company can undertake a number of financial instrument transactions with a single counterparty and may enter into an International Swaps and Derivatives Association, Inc ("ISDA") master netting agreement or equivalent ("master netting agreements") with that counterparty. Such an agreement provides for a single net settlement of all financial instruments covered by the agreement in the event of default on, or termination of, any one contract. These agreements are commonly used to provide protection against loss in the event of bankruptcy or other circumstances that result in a counterparty being unable to meet its obligations. A master netting arrangement commonly creates a right of set-off that becomes enforceable and affects the realisation or settlement of individual financial assets and financial liabilities only following a specified event of default or in other circumstances not expected to arise in the normal course of business.

The Company enters into master netting agreements with the Company's major derivative counterparties. Where there is not an intention to settle on a net basis in the normal course of business, the balances have not been offset in the statement of financial position and have been presented separately in the table above.

Cash collateral

Cash collateral relates to collateral received and pledged against derivatives and which have not been offset in the statement of financial position.

43. RISK MANAGEMENT

Legal entity risk governance

BAC Group has established a risk framework (the "Risk Framework"), which serves as the foundation for consistent and effective management of the risks facing BAC and its subsidiaries (including the Company). The Risk Framework sets forth roles and responsibilities for the management of risk and provides a blueprint for overall management through delegation of authority, establishes risk appetite and associated limits for our activities.

The Risk Framework applies to all employees of the BAC Group. It provides an understanding of the Company’s approach to risk management and each employee’s responsibilities for managing risk. All employees must take ownership for managing risk well and are accountable for identifying, escalating and debating risks facing the Company. The Risk Framework sets forth roles and responsibilities for the management of risk by Front Line Units ("FLUs"), independent risk management, other CFs and Corporate Audit. The following are the five components of the Company's risk management approach:

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

The risk management processes outlined above allow businesses within the BAC Group (including the Company) to manage risks across the seven key risk types: market, credit, operational, liquidity, reputational, strategic and compliance risks.

Set out below is a summary of the Company's approach to each of the risk types.

a. Market risk

Market risk is the risk that changes in market conditions may adversely impact the value of assets and or liabilities or otherwise negatively impact earnings. Market risk is composed of price risk and interest rate risk:

Price risk

Price risk is the risk to current or projected financial condition arising from changes in the value of trading portfolios, investment securities or treasury-related funding activities. These portfolios typically are subject to daily price movements and are accounted for primarily on a mark-to-market basis. This risk occurs most significantly from market making, dealing and capital markets activity in interest rate, foreign exchange and credit markets.

Interest rate risk

Interest rate risk is the risk to current or projected financial condition arising from movements in interest rates. Interest rate risk results from differences between the timing of rate changes and the timing of cash flows (repricing risk), from changing rate relationships among different yield curves affecting bank activities (basis risk), from changing rate relationships across the spectrum of maturities (yield curve risk), and from interest-related options embedded in bank products or investment securities (options risk). The types of instruments exposed to this risk include, but are not limited to loans, debts securities, certain trading-related assets and liabilities, deposits, borrowings, and derivatives.

Interest rate risk and credit spread risk in the banking book

Interest rate risk and credit spread risk in the banking book is the risk to the Company’s current or anticipated earnings or capital arising from adverse movements in interest rates and/or credit spreads. Changes in interest rates and credit spread affect the Company’s earnings and capital by impacting its projection of net

43. RISK MANAGEMENT (CONTINUED)

interest income and the underlying economic value of its assets, liabilities and off-balance sheet items (economic value of equity).

Gap risk results from the term structure of interest rate sensitive instruments that arises from differences in the timing of their rate changes, covering changes to the term structure of interest rates occurring consistently across the yield curve (parallel risk) or differentially by period (non-parallel). Basis risk arises from the impact of relative changes in interest rates on interest rate sensitive instruments that have similar tenors but are priced using different interest rate indices. Interest rate risk arises in the Company's banking book from differences in repricing, rate and maturity characteristics between its assets and liabilities.

Market risk measurement

At the asset and liability level, market risk is assessed by evaluating the impact of individual risk factors on individual exposures. At the aggregate level, price risk is assessed primarily through risk models, including Value at Risk ("VaR") models. The Company's aggregate potential economic exposure, as well as earnings and capital sensitivity, to interest rate risk in the banking book is also assessed.

Value at Risk

VaR is a statistical measure of potential portfolio market value loss resulting from changes in market variables, during a given holding period, measured at a specified confidence level. A single model is used consistently across the trading portfolios, and it uses a historical simulation approach based on a three - year window of historical data. The primary VaR statistic is equivalent to a 99% confidence level. This means that for a VaR with a one day holding period, there should not be losses in excess of VaR, on average, 99 out of 100 trading days.

The table that follows presents the Company's average and year-end VaR for 2023 and 2022. Additionally, high and low VaR is presented independently for each risk category and overall.

	Year end 2023 $000	**High 2023 $000**	**Average 2023 $000**	**Low 2023 $000**
99% Daily VaR				
Credit risk	9,227	21,268	11,396	7,426
Currency risk	1,416	2,482	1,131	346
Interest rate risk	2,112	4,440	2,331	1,490
Total	**10,055**	**21,509**	**12,251**	**8,346**

	Year end 2022 $000	**High 2022** $000	**Average 2022** $000	**Low 2022** $000
99% Daily VaR				
Credit risk	21,268	35,889	25,773	19,414
Currency risk	2,312	2,333	969	268
Interest rate risk	2,891	3,998	2,047	1141
Total	**21,495**	**35,648**	**25,719**	**19,769**

In addition to VaR measures, the market risk department utilises a range of other risk measures including sensitivity analysis and stress testing to monitor exposures and manages them using a robust set of limits.

43. RISK MANAGEMENT (CONTINUED)

b. Credit risk

Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. Credit risk is created when the Company commits to, or enters into, an agreement with a borrower or counterparty. The Company defines credit exposure to a borrower or counterparty as the loss potential arising from loans, leases, derivatives, and other extensions of credit.

Credit risk management

The Company manages credit risk to a borrower or counterparty based on its risk profile, which includes assessing repayment sources, underlying collateral if any and the expected effects of the current and forward-looking economic environment on the borrower or counterparty. Credit exposure is proactively reassessed as a borrower's or counterparty's risk profile changes.

In its commercial FLUs, the Company uses a number of actions to mitigate losses, including increased frequency and intensity of portfolio monitoring and governance for moderate to weak risk profiles, hedging, and transferring management of deteriorated commercial exposures to special asset officers.

Credit risk management includes the following processes:

- Credit origination;
- Portfolio management;
- Loss mitigation activities; and
- Establishing the allowance for credit losses, which is a reserve for expected credit losses over the life of the Company's lending commitments; and

These processes create a comprehensive and consolidated view of the Company's credit risks, thus providing senior management with the information required to guide or redirect FLUs and certain legal entity actions if necessary.

The primary credit risks of the Company relate to its commercial lending activities. The Company also has more limited credit risk from its derivatives exposure.

Commercial lending

The Company's commercial lending activities consist primarily of corporate and institutional lending, in addition to certain asset backed and secured lending. Depending on market conditions, the Company may seek to mitigate or reduce loan exposure through third party syndications, securitisations, secondary loan sales or the purchase of single name and basket credit default swaps.

The Company typically provides drawn and committed but undrawn corporate and institutional lending facilities to clients for general corporate purposes, backup liquidity lines, bridge financings, and acquisition related activities. While these facilities may be supported by credit enhancing arrangements such as property liens or claims on operating assets, the Company generally expects repayment through other sources including cash flow and/or recapitalisation. Asset backed and other secured finance facilities are typically secured by assets such as commercial mortgages, residential mortgages, auto loans, leases, consumer loans and other receivables. Credit assessment for these facilities relies primarily on the amount, asset type, quality, and liquidity of the supporting collateral, as the performance of the collateral and/or associated cash flows are the expected source of repayment.

Impaired loans are measured based on the present value of payments expected to be received, observable market prices or, where applicable, the value of any collateral that the Company would expect to realise.

43. RISK MANAGEMENT (CONTINUED)

Derivatives trading

The Company enters into ISDA master agreements or their equivalent (“master netting agreements”) with derivative counterparties. Master netting agreements provide risk mitigation in bankruptcy in certain circumstances and can, in some cases, enable receivables and payables with the same counterparty to be offset when closing out the trades upon event of default. Master Netting Agreements are standardised in the industry but are negotiated bilaterally with some terms, credit terms in particular negotiated by the parties. The enforceability of master netting agreements under bankruptcy laws in certain countries is not free from doubt, and receivables and payables with counterparties in these countries are accordingly recorded on a gross basis for risk assessment purposes.

In addition, to reduce the risk of loss in the event of counterparty default, the Company usually requires collateral documented in the credit support annex to an ISDA. From an economic standpoint, the Company evaluates risk exposures net of related collateral that meets specified standards. The Company also attempts to mitigate its default risk on derivatives whenever possible by entering into transactions with provisions that enable it to terminate or reset the terms of the derivative contracts under certain defined conditions.

Credit quality analysis

The following table analyses the carrying amount and credit exposure of the Company's financial assets by external credit rating or internal equivalent thereof. Where there is no rating, the balances are classified as not rated. Although the table reflects the Company’s gross exposure, the Company manages its credit exposures on a net basis.

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	Impairment Allowance	Overall exposure
31 December 2023	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Cash held at central banks	10,980	6,146	16	—	**17,142**	—	**17,142**
Market and client receivables	3	1,411	13	—	**1,427**	—	**1,427**
Loans and advances to banks	1	8,469	380	—	**8,850**	(2)	**8,848**
Loans and advances to customers	5,264	17,057	9,789	59	**32,169**	(98)	**32,071**
Reverse repurchase agreements	256	8,421	903	—	**9,580**	—	**9,580**
Trading assets	63	4	995	291	**1,353**	—	**1,353**
Investment securities - debt	—	2,226	—	—	**2,226**	—	**2,226**
Derivative financial instruments	—	2,280	277	22	**2,579**	—	**2,579**
	16,567	**46,014**	**12,373**	**372**	**75,326**	**(100)**	**75,226**
Guarantees and commitments	800	35,664	9,375	142	**45,981**	(97)	**45,884**
	17,367	**81,678**	**21,748**	**514**	**121,307**	**(197)**	**121,110**

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For financial instruments within the scope of the impairment provisions of IFRS 9 (i.e., financial instruments that are not measured at FVPL), the below table further analyses the credit quality of the instrument by its staging within the impairment process, between Stage 1 (12 month ECL), Stage 2 (lifetime ECL not credit impaired) and Stage 3 (lifetime ECL credit impaired).

43. RISK MANAGEMENT (CONTINUED)

31 December 2023	AAA to AA $M	A to BBB $M	BB and lower $M	Not rated $M	Total gross amount $M	Impairment Allowance $M	Overall exposure $M
Stage 1							
Cash held at central banks	10,980	6,146	16	—	**17,142**	—	**17,142**
Market and client receivables	3	1,411	13	—	**1,427**	—	**1,427**
Loans and advances to banks	—	7,998	297	—	**8,295**	(1)	**8,294**
Loans and advances to customers	5,092	15,292	6,587	122	**27,093**	(25)	**27,068**
Reverse repurchase agreements	—	8,421	331	—	**8,752**	—	**8,752**
Investment securities - debt	—	2,226	—	—	**2,226**	—	**2,226**
Guarantees and commitments	718	34,921	5,824	1	**41,464**	(29)	**41,435**
	16,793	**76,415**	**13,068**	**123**	**106,399**	**(55)**	**106,344**

31 December 2023	AAA to AA $M	A to BBB $M	BB and lower $M	Not rated $M	Total gross amount $M	Impairment Allowance $M	Overall exposure $M
Stage 2							
Loans and advances to banks	—	—	83	—	**83**	(1)	**82**
Loans and advances to customers	—	136	1,705	—	**1,841**	(46)	**1,795**
Guarantees and commitments	—	85	2,292	—	**2,377**	(59)	**2,318**
	—	**221**	**4,080**	**—**	**4,301**	**(106)**	**4,195**

31 December 2023	AAA to AA $M	A to BBB $M	BB and lower $M	Not rated $M	Total gross amount $M	Impairment Allowance $M	Overall exposure $M
Stage 3							
Loans and advances to customers	—	15	617	—	**632**	(27)	**605**
Guarantees and commitments	—	—	159	—	**159**	(9)	**150**
	—	**15**	**776**	**—**	**791**	**(36)**	**755**

43. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	Impairment Allowance	Overall exposure
31 December 2022	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Cash held at central banks	13,431	5,381	1	—	18,813	—	18,813
Market and client receivables	10	761	3	36	810	—	810
Loans and advances to banks	340	6,955	692	—	7,987	(7)	7,980
Loans and advances to customers	3,393	16,531	10,053	38	30,015	(172)	29,843
Reverse repurchase agreements	1,236	8,082	—	—	9,318	—	9,318
Trading assets	15	197	781	568	1,561	—	1,561
Investment securities - debt	322	—	—	—	322	—	322
Derivative financial instruments	—	2,464	250	—	2,714	—	2,714
	18,747	40,371	11,780	642	71,540	(179)	71,361
Guarantees and commitments	910	32,275	8,734	221	42,140	(125)	42,015
	19,657	72,646	20,514	863	113,680	(304)	113,376

43. RISK MANAGEMENT (CONTINUED)

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	Impairment Allowance	Overall exposure
31 December 2022	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Stage 1							
Cash held at central banks	13,431	5,381	1	—	18,813	—	18,813
Market and client receivables	10	761	3	36	810	—	810
Loans and advances to banks	340	6,207	449	—	6,996	(3)	6,993
Loans and advances to customers	3,393	12,067	5,437	37	20,934	(27)	20,907
Reverse repurchase agreements	—	7,501	—	—	7,501	—	7,501
Investment securities - debt	322	—	—	—	322	—	322
Guarantees and commitments	910	27,982	4,378	1	33,271	(40)	33,231
	18,406	59,899	10,268	74	88,647	(70)	88,577

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	Impairment Allowance	Overall exposure
31 December 2022	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Stage 2							
Loans and advances to banks	—	326	243	—	569	(4)	565
Loans and advances to customers	—	2,219	2,422	—	4,641	(69)	4,572
Guarantees and commitments	—	3,963	3,031	—	6,994	(74)	6,920
	—	6,508	5,696	—	12,204	(147)	12,057

	AAA to AA	A to BBB	BB and lower	Not rated	Total gross amount	Impairment Allowance	Overall exposure
31 December 2022	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Stage 3							
Loans and advances to customers	—	6	865	—	871	(76)	795
Guarantees and commitments	—	—	110	—	110	(11)	99
	—	6	975	—	981	(87)	894

43. RISK MANAGEMENT (CONTINUED)

Collateral held and other credit enhancements

The Company holds collateral or other credit enhancements against its credit risk associated with certain of its financial assets and commitments. The following table reflects by asset class of financial instrument the amount that best represents the Company's maximum exposure to credit risk and a quantification of the extent to which collateral and other credit enhancements mitigate credit risk as viewed by management.

	2023	**2023**	2022	2022
	Maximum exposure to credit risk	**Identifiable mitigation**	Maximum exposure to credit risk	Identifiable mitigation
	$M	**$M**	$M	$M
Cash held at central banks	**17,142**	**—**	18,813	—
Market and client receivables	**1,427**	**1,330**	810	742
Loans and advances to banks	**8,848**	**475**	7,980	423
Loans and advances to customers	**32,071**	**21,204**	29,843	19,936
Reverse repurchase agreements	**9,580**	**9,580**	9,318	9,146
Trading assets	**1,353**	**287**	1,561	217
Investment securities	**2,226**	**—**	322	—
Derivative financial instruments	**2,579**	**1,635**	2,714	1,921
Other assets	**321**	**—**	423	—
	75,547	**34,511**	71,784	32,385
Guarantees and commitments	**45,884**	**16,741**	42,015	12,878
	121,431	**51,252**	113,799	45,263

Identifiable mitigation in relation to "Loans and advances to customers" above has been updated to include $15,140 million (2022: $14,096 million) of collateral (movable and immovable property and financial securities). Identifiable mitigation in relation to "Guarantees and commitments" has been updated to include $13,892 million (2022: $11,665 million] financial guarantees received.

For loans and advances, the Company may request that corporate borrowers provide collateral in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees. In general the Company does not routinely update the valuation of the collateral held against all loans to corporate customers as its focus is on the overall creditworthiness of the customer. Valuation of collateral for these loans is updated when a loan is put on a watch list for closer monitoring. For credit impaired loans, the Company obtains appraisals of collateral as it provides input into determining the management credit risk actions.

Market and client receivables primarily represent receivables to collateral posted by the Company to cover derivative liabilities or other short-term receivables as a result of pending trade settlements. Credit risk on these positions is mitigated to the extent of the offsetting short trading position or the value of the underlying unsettled bond transaction.

Where the Company does not routinely update the valuation of the collateral held, or where specific values are not generally available for the value of collateral, no offset has been included in the identified mitigation column in the above table.

43. RISK MANAGEMENT (CONTINUED)

Trading assets represent primarily traded positions corporate loans and other bonds and securities. Certain traded loan positions are secured against real estate or other assets, and the Company monitors the value of the underlying collateral in determining the fair value of the position.

The Company mitigates the credit risk of derivatives and reverse sale and repurchase agreements by entering into master netting agreements and holding collateral in the form of cash and marketable securities.

The Company mitigates the credit risk exposure for certain loans and loan commitments managed on a fair value basis by purchasing credit risk protection in the form of credit derivatives. As at 31 December 2023, these derivative contracts provided notional principal protection of $3,396 million (2022: $2,035 million).

The following table sets out the carrying amount of credit impaired financial assets and the value of identifiable collateral and other credit mitigants.

	Amount of credit impaired financial assets	Identifiable collateral	Other credit mitigants
	$M	$M	$M
31 December 2023			
Loans and advances to customers	**632**	**410**	**—**
31 December 2022			
Loans and advances to customers	871	669	—

The amount of identifiable collateral included above is limited to the total loan exposure to illustrate the Company's credit risk mitigation on these positions at the year end. Actual identifiable collateral values may exceed the total loan exposure that the Company holds.

As at 31 December 2023, the Company has not recognised a loss allowance in relation to its reverse sale and repurchase agreements as a result of the collateral held on these positions.

The Company did not obtain any financial or non-financial assets through taking possession of collateral held as security against loans and advances.

Concentrations of credit risk

The Company monitors concentration of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans and advances, loan commitments and guarantees are shown below.

43. RISK MANAGEMENT (CONTINUED)

	Loans and advances to banks	Loans and advances to customers	Reverse repurchase agreements	Debt financial instruments at FVOCI	Guarantees and commitments
	$M	$M	$M	$M	$M
As at 31 December 2023					
Gross amount	8,850	32,169	9,580	2,226	—
Amount committed / guaranteed	—	—	—	—	45,981
	8,850	**32,169**	**9,580**	**2,226**	**45,981**
Portfolio concentration by geography					
Austria	—	56	—	—	393
Belgium	18	757	—	—	1,168
Denmark	—	133	—	—	1,212
France	574	3,671	555	192	7,849
Germany	1	1,217	—	—	5,918
Ireland	70	3,082	205	—	679
Italy	78	1,542	331	—	2,181
Jersey	—	297	—	—	409
Luxembourg	403	5,633	—	—	1,945
Netherlands	—	1,888	—	—	3,424
Norway	—	47	—	—	619
Saudi Arabia	402	641	—	—	1,350
Spain	2	1,117	1,184	—	1,583
Sweden	48	572	—	—	1,548
Switzerland	—	781	—	—	2,368
Turkey	160	336	—	—	—
UAE	125	468	—	—	338
UK	6,021	8,067	51	2,034	11,021
USA	513	330	7,254	—	450
Other	435	1,534	—	—	1,526
	8,850	**32,169**	**9,580**	**2,226**	**45,981**
Portfolio concentration by sector					
Central banks	—	—	—	—	—
Central governments	—	8	—	2,226	—
Non-financial corporations	—	17,154	—	—	31,301
Credit institutions	8,850	—	8,421	—	610
Other financial corporations	—	15,007	1,159	—	14,070
	8,850	**32,169**	**9,580**	**2,226**	**45,981**

43. RISK MANAGEMENT (CONTINUED)

	Loans and advances to banks	Loans and advances to customers	Reverse repurchase agreements	Debt financial instruments at FVOCI	Guarantees and commitments
	$M	$M	$M	$M	$M
As at 31 December 2022					
Gross amount	7,987	30,015	9,318	322	—
Amount committed / guaranteed	—	—	—	—	42,140
	7,987	30,015	9,318	322	42,140
Portfolio concentration by geography					
Austria	—	54	—	—	380
Belgium	22	824	—	—	1,376
Denmark	—	152	—	—	1,210
France	455	3,662	—	104	7,523
Germany	2	1,748	—	—	4,880
Ireland	98	2,662	1,236	—	813
Italy	180	2,194	—	—	1,839
Jersey	—	173	—	—	194
Luxembourg	402	3,902	—	—	1,486
Netherlands	—	1,880	—	26	3,235
Norway	—	82	—	—	634
Saudi Arabia	250	830	—	—	1,315
Spain	2	813	831	—	1,490
Sweden	17	337	—	—	1,357
Switzerland	—	353	—	—	1,864
Turkey	410	428	—	—	—
UAE	125	173	—	—	213
UK	3,519	8,259	—	192	9,934
USA	2,097	287	7,251	—	147
Other	408	1,202	—	—	2,250
	7,987	30,015	9,318	322	42,140
Portfolio concentration by sector					
Central banks	1	—	—	—	—
Central governments	—	469	—	322	—
Non-financial corporations	—	17,151	—	—	30,117
Credit institutions	7,986	—	7,501	—	534
Other financial corporations	—	12,395	1,817	—	11,489
	7,987	30,015	9,318	322	42,140

43. RISK MANAGEMENT (CONTINUED)

Past due status of customer receivables

For customer receivables, the Company calculates loss allowance based on a provision matrix, as the short-term nature of the positions are such that the past due status is the primary driver in the loss-calculation (adjusted as relevant for available forward-looking information). At 31 December 2023 there were $0.1 million customer receivables past due (2022: $nil)

Security and collateral

At 31 December 2023, the fair value of financial assets accepted as collateral that the Company is permitted to use, sell or repledge in the absence of default was $10,679 million (2022: $10,089 million). The actual fair value of financial assets accepted as collateral that have been used, sold or repledged was $1,102 million (2022: $938 million). The collateral obtained is composed of cash and government and agency securities. The Company is obliged to return cash or equivalent securities as appropriate.

Security has been given by the Company by way of specific and general charges in respect of certain contractual commitments. The collateral pledged is in the form of cash and security. At 31 December 2023, the Company had delivered cash and security collateral of $1,441 million (2022: $786 million) against contractual commitments under derivative liability positions.

c. Operational risk and Compliance risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes or systems, people or external events. The Company strives for Operational Excellence in everything it does. The Company has designed an operational risk management programme that seeks to anticipate and assess operational risks and respond to these risks effectively should they materialise.

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

Operational risk and compliance risk management process

The Company is committed to maintaining strong operational risk and compliance risk management practices across all FLUs and CFs. The Company manages operational risk and compliance risk in an ever changing and complex regulatory environment, and with the evolving products, services and strategies offered by its FLUs. The Company has an integrated set of processes and controls to manage external and internal risks, including metrics and extensive monitoring, testing and risk assessment processes.

FLUs and CFs are first and foremost responsible for managing all aspects of their businesses, including their operational risks and compliance risks. FLUs and CFs are required to understand their business processes and related risks and controls, including third party dependencies, related regulatory requirements and monitor and report on the effectiveness of the control environment. In order to actively monitor and assess the performance of their processes and controls, they must conduct comprehensive quality assurance activities and identify issues and risks to remediate control gaps and weaknesses. FLUs and CFs must also adhere to Operational Risk Appetite and Compliance Risk Appetite limits to meet strategic, capital and financial planning objectives. Finally, FLUs and CFs are responsible for the proactive identification, management, and escalation of operational risks and compliance risks across the Company.

43. RISK MANAGEMENT (CONTINUED)

d. Liquidity risk

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

Liquidity risk management

The Company's Liquidity Risk Policy ("LRP") defines the approach to managing the Company's liquidity, aligned to group processes and tailored to meet its business mix, strategy, activity profile, risk appetite and regulatory requirements and is approved by the Board. The MRC reviews and recommends Risk Appetite limits to the BRC, which in turn reviews and recommends to the Board for approval.

Each of the FLUs are accountable for managing liquidity risk within the Company's Liquidity Risk Appetite. Global Risk Management ("GRM"), a second line of defence, provides independent oversight and supervision of FLU activities, an independent view of the liquidity risk of FLU activities and assesses the effectiveness of the Company's liquidity risk management processes.

GRM works with Treasury and the LOBs to monitor actual and forecast liquidity and funding requirements with a focus on limit utilisation and trends, and any change in business / market behaviour may require a change in liquidity risk management.

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

Liquidity risk governance

The Board provides oversight of the Company's liquidity risk profile and at least annually, approves the Company's Risk Appetite Statement, which sets forth the level of liquidity risk that the Company may assume in connection with the Strategic and Capital Plan through the Company Internal Capital Adequacy Assessment Process ("ICAAP") and Internal Liquidity Adequacy Assessment Process (“ILAAP”). The Board periodically reviews the liquidity risk management strategies, policies, and procedures described in the Risk Appetite Statement and the LRP.

The BRC is responsible for overseeing the Company's overall Risk Framework, performance against the risk appetite and the Company CEO, the CRO and senior management's identification of, measurement of, monitoring of and control of key risks. At least quarterly senior management reports on the Company's liquidity risk profile and liquidity risk appetite to the BRC.

The MRC provides management oversight of liquidity risk of the Company's activities. The MRC is responsible for holistic risk management, including an integrated evaluation of risk, earnings, capital and liquidity. The monitoring of performance against the Company's Risk Appetite Statement is carried out on an ongoing basis and reported to the MRC and BRC on a regular basis. Performance is also communicated regularly to the Board.

GRM is responsible for maintaining a liquidity risk limits framework to ensure that the entity is managed within its liquidity risk appetite. Liquidity risk limits and indicators are classified as:

- Board-owned risk appetite
- MRC-owned management level risk appetite
- Non-risk appetite
- Risk indicators

Limits are monitored and reported daily and a clear escalation path to Senior Management, ALCO, MRC, BRC, and the Board by limit category and breach type exists.

43. RISK MANAGEMENT (CONTINUED)

Liquidity risk reporting

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

The tables below represent the undiscounted cash flows of the Company's financial liabilities as at 31 December 2023 and 31 December 2022, with the exception of those held for trading and financial liabilities designated at fair value, for which the fair value has been disclosed as this is consistent with the values used in the liquidity risk management of these instruments:

	On demand	Less than 3 months	Due between 3 months and 1 years	Due between 1 years and 5 years	Due after 5 years	Total
31 December 2023 Non-Trading Financial Liabilities	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Deposits by banks	1,071	9	1	14,341	—	**15,422**
Deposits by customers	18,932	—	857	14,927	—	**34,716**
Debt securities	99	783	342	—	—	**1,224**
Financial liabilities designated at fair value	17	—	—	—	—	**17**
Market and client payables	848	—	—	—	—	**848**
Lease liabilities	—	—	23	62	22	**107**
Subordinated liabilities	—	—	—	2,000	2,000	**4,000**
	20,967	**792**	**1,223**	**31,330**	**2,022**	**56,334**
Guarantees and commitments	**45,981**	**—**	**—**	**—**	**—**	**45,981**
	66,948	**792**	**1,223**	**31,330**	**2,022**	**102,315**
Trading liabilities						
Derivative financial instruments	3,722	—	—	—	—	3,722

43. RISK MANAGEMENT (CONTINUED)

	On demand	Less than 3 months	Due between 3 months and 1 years	Due between 1 years and 5 years	Due after 5 years	Total
31 December 2022 Non-Trading Financial Liabilities	**$M**	**$M**	**$M**	**$M**	**$M**	**$M**
Deposits by banks	812	60	2	26,157	—	27,031
Deposits by customers	19,672	854	65	419	—	21,010
Debt securities	—	961	106	—	—	1,067
Financial liabilities designated at fair value	71	—	—	—	—	71
Market and client payables	984	—	—	—	—	984
Lease liabilities	—	—	22	72	24	118
Subordinated liabilities	—	—	—	2,000	2,000	4,000
	21,539	1,875	195	28,648	2,024	54,281
Guarantees and commitments	42,140	—	—	—	—	42,140
	63,679	1,875	195	28,648	2,024	96,421
Trading liabilities						
Derivative financial instruments	3,598	—	—	—	—	3,598

The Company has recorded all derivative financial instrument liabilities in the "on demand" category to reflect the common market practice of terminating such liabilities at fair value upon a client's request, although the Company is generally not contractually obliged to do so. The Company considers it unlikely that, in any given period, all of the liabilities will unwind in the short-term. The Company actively manages the term/ maturity of asset positions to ensure appropriately balanced cash flows. Guarantees and commitments and financial liabilities designated at fair value are shown on the basis of the earliest date they can be called. All other figures show contractual maturities.

For maturity analysis on financial assets, please refer to notes from note 18 to note 23.

e. Reputational risk

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

The Company manages reputational risk through established policies and controls in the business and risk management processes to mitigate reputational risks in a timely manner and through proactive monitoring and identification of potential reputational risk events.

Ultimately, to ensure that reputational risk is mitigated through regular business activity, monitoring and oversight of reputational risk is integrated into the overall governance process, as well as incorporated into the roles and responsibilities for employees.

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

43. RISK MANAGEMENT (CONTINUED)

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

For the EMEA region there is a specialist committee, the EMEA Reputational Risk Committee ("Reputational Risk Committee"), whose mandate includes consideration of reputational risk issues (including matters related to environmental and social 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 LOBs.

The reporting of the Company 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 Committee. In addition, the summary of the Residual Risk Outlook for Reputational Risk is provided through the Company’s governance routines. The Reputational Risk Committee escalates matters to the BRC when required.

f. Strategic risk

Strategic risk is the risk to current or projected financial condition arising from incorrect assumptions about external or internal factors, inappropriate business plans (e.g. too aggressive, wrong focus, ambiguous), ineffective business strategy execution, or failure to respond in a timely manner to changes in the regulatory, macroeconomic or competitive environments, in the geographic locations in which the Company operates (such as competitor actions, changing customer preferences, product obsolescence, and technology developments).

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

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

The Company tracks performance to the strategic plan and analyses progress throughout the year. Senior management continuously monitors business performance throughout the year with several existing processes ranging from the monitoring of financial and operating performance, to the management of the Company’s Recovery Plan and the regular assessment of earnings and risk profile. Senior management provides the Board with reports on progress in meeting the Strategic Plan, as well as whether timelines and objectives are being met and if additional or alternative actions need to be implemented.

The Board is responsible for overseeing the strategic planning process and senior management’s execution of the resulting strategic plan. The strategic plan is reviewed and approved annually by the Board in line with the capital plan, financial operating plan, liquidity requirements and risk appetite. Significant strategic actions, such as capital actions, material acquisitions or divestitures and recovery and resolution plans are reviewed and approved by the Board as required.

Processes exist to discuss the strategic risk implications of new, expanded or modified businesses, products or services and other strategic initiatives, and to provide formal review and approval where required.

The Board is also responsible for overseeing the capital planning process. Capital plans are reviewed and approved annually by the Board in consideration of the entity’s overall strategic plans, financial operating plans and risk appetite.

43. RISK MANAGEMENT (CONTINUED)

Global Risk Management, Corporate Audit and other CFs provide input, challenge and oversight to front line unit strategic plans, initiatives and capital plans relating to the Company.

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

g. Capital management

The Company's objective when managing capital is to ensure sufficient level and composition of capital to support the Company's business activities and associated risk during both normal economic environment and under stress conditions.

A strong capital position is essential to the Company's business strategy and competitive position, this is supported through its capital management framework designed to ensure that the Company is adequately capitalised at all times in relation to:

- Minimum risk-based regulatory capital requirements (Pillar 1 capital set out in Regulation (EU) No 575/2013), Pillar 2 additional own funds requirements set by the ECB, as well as buffer requirements set out in Directive 2013/36/EU and O-SII buffer set by the ECB and the CBI. In addition, an internal capital buffer above those prescribed in regulation is also maintained.
- BofA Europe holds $2 billion of MREL and is also subject to Total loss absorbing capacity ("TLAC") requirements.
- The risks faced by the Company through regular review of the current and future business activities.
- Upcoming and future regulations impacting the Company.

The framework used to manage capital within the Company is supported by regular point in time capital calculations and reporting, supplemented by forward looking projection and stress testing. Each step of the process is supported by established controls. This includes weekly, monthly and quarterly reporting to ensure there is sufficient oversight to enable effective management of its capital adequacy position within the Company's risk appetite limits. Escalation of issues are driven by specific triggers.

The composition of the Company's regulatory capital is as follows.

	2023 $M	2022 $M
Common Equity Tier 1 (equity share capital and reserves)	12,844	12,221
Tier 2 (qualifying long-term subordinated liabilities)	2,000	2,000
Total capital resources	**14,844**	**14,221**

As at the end of the current and prior years the Company exceeded external capital requirements. Capital resources for current and prior years are not inclusive of audited current (prior) year profits.

43. RISK MANAGEMENT (CONTINUED)

Company information is included as part of the Pillar 3 disclosures of the Company made available on the firm’s website in accordance with part eight of the capital requirements regulations, this can be obtained via http://investor.bankofamerica.com.

The Company makes country by country reporting disclosures as required under capital requirements, this can be obtained via http://investor.bankofamerica.com.

h. Climate risk

Climate risk is the risk that climate change or actions taken to mitigate climate change expose the Company to economic, operational or reputational harm. Climate-related risks are divided into two major categories, both of which span across the seven key risk types:

- *Physical Risk*: Risks related to the physical impacts of climate change, driven by extreme weather events such as hurricanes and floods, as well as chronic longer-term shifts such as rising average global temperatures and sea levels, and

- *Transition Risk*: Risks related to the transition to a low-carbon economy, which may entail extensive policy, legal, technology and market changes.

Physical risks of climate change, such as more frequent and severe extreme weather events, can increase the Company's risks, including credit risk by diminishing counterparties’ repayment capacity or collateral values, and operational risk by negatively impacting the Company’s facilities, employees, or vendors.

Transition risks of climate change may amplify credit risks through the financial impacts of changes in policy, technology or the market on the Company or its counterparties. Unanticipated market changes can lead to sudden price adjustments and give rise to heightened market risk. Reputational risk can arise for the Company, if BAC does not meet its climate-related commitments and/or goals, or is perceived to be inadequately responsive to climate change.

The Company embeds climate risk considerations into its existing risk management programmes.

44. INTEREST RATE BENCHMARK REFORM

Immediately after 30 June 2023, the remaining U.S. dollar LIBOR settings (i.e., overnight, one month, three month, six month and 12 month) ceased or became non-representative, although the Financial Conduct Authority ('FCA") is requiring LIBOR’s administrator, ICE Benchmark Administration Limited, to continue publication of the one-month, three-month and six month USD LIBOR settings on a “synthetic” basis (calculated using the relevant CME Term SOFR Reference Rate plus the respective International Swaps and Derivatives Association fixed spread adjustment) for use in legacy contracts, which the FCA intends to continue to publish until 30 September 2024. In October 2023, the Steering Committee of the National Working Group for Benchmark Reform in Poland postponed the cessation of WIBOR/ WIBID benchmarks to the end of 2027.

The following table summarises the only remaining significant exposures impacted by interest rate benchmark reform as at 31 December 2023 and relate to Warsaw Interbank Offered Rate ("WIBOR") and Canadian Dollar Offered Rate ("CDOR"):

	CAD CDOR	**PLN WIBOR**
	$M	**$M**
Non derivative financial assets	2	136
Derivatives	859	—
Guarantees and commitments	8	—
	869	**136**

Exposures disclosed represent management's assessment of positions with contractual maturities after 31 December 2023, which are yet to transition. Balances are reported using the notional contract amount for all instruments.

For non-derivative instruments such as loan contracts that may be drawn in multiple currencies, the exposure amounts reflect the currency and therefore index the funded amount, if drawn. If undrawn, exposure is categorised to the currency and index which reflects the primary currency for the facility.

For derivative instruments, where contracts have both pay and receive legs with exposure to benchmark reform such as cross currency swaps, the notional contract amount is disclosed for both legs.

The following table relates to comparatives as at 31 December 2022:

	USD LIBOR	**Other LIBOR**
	$M	$M
Non derivative financial assets	4,944	—
Non derivative financial liabilities	—	46
Derivatives	4,218	5
Guarantees and commitments	10,566	—
	19,728	**51**

45. FAIR VALUE MEASUREMENT

a) Valuation models

In accordance with IFRS 13 - Fair Value Measurement, financial instruments carried at fair value have been categorised into a three-level fair value hierarchy based on the priority of the inputs to the valuation technique. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

Financial instruments are considered Level 1 when valuations are based on quoted prices in active markets for identical assets or liabilities. Level 2 financial instruments are valued using quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or models using inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. Financial instruments are considered Level 3 when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable. The Company makes use of the portfolio exception and manages certain portfolios of financial instruments (e.g. OTC derivatives and certain structured liabilities) on the basis of net open risk exposure and has elected to estimate the fair value of such portfolios based on the net open risk exposure at the measurement date. Where this is the case, valuation adjustments (e.g. bid-ask adjustment or credit risk adjustments that reflect the measurement on the basis of the net exposure) may be necessary to reflect the cost of exiting a larger-than-normal market-size net open risk position. During 2023, there were no significant changes to valuation approaches or techniques that had, or are expected to have, a material impact on the Company’s financial position or results of operations

i) Trading assets and Trading liabilities

The fair values of trading assets and liabilities are primarily based on actively traded markets where prices are based on either direct market quotes or observed transactions. Liquidity is a significant factor in the determination of the fair values of trading account assets and liabilities. In less liquid markets, market price quotes may not be readily available. Some of these instruments are valued using a net asset value approach, which considers the value of the underlying assets. In these instances, fair value is determined based on limited available market information and other factors, principally from reviewing the issuer's financial statements and changes in credit ratings made by one or more rating agencies.

ii) Derivative financial instruments

The fair values of derivative assets and liabilities traded in the OTC market are determined using quantitative models that require the use of multiple market inputs including interest rates, prices, and indices to generate continuous yield or pricing curves and volatility factors, which are used to value the position. The majority of market inputs are actively quoted and can be validated through external sources, including brokers, market transactions and third-party pricing services. When third party pricing services are used, the methods and assumptions are reviewed by the Company. Estimation risk is greater for derivative asset and liability positions that are either option-based or have longer maturity dates where observable market inputs are less readily available, or are unobservable, in which case, quantitative-based extrapolations of rate, price or index scenarios are used in determining fair values. The fair values of derivative assets and liabilities include adjustments for market liquidity, counterparty credit quality and other deal specific factors, where appropriate. Derivative assets and liabilities considered Level 3 relate to interest rate swaps and credit default swaps.
In addition, the Company incorporates within its fair value measurements of OTC derivatives a valuation adjustment to reflect the credit risk associated with the net position. Positions are netted by counterparty, and the fair value for net long exposures is adjusted for counterparty credit risk whilst the fair value for net short exposures is adjusted for the Company's own credit risk. The Company also incorporates a funding valuation adjustment within its fair value measurements to include funding costs on uncollateralised derivatives and derivatives where the Company is not permitted to use the collateral it receives. An estimate of severity of loss is also used in the determination of fair value, primarily based on market data.

45. FAIR VALUE MEASUREMENT (CONTINUED)

iii) Reverse repurchase agreements

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

iv) Investment securities

1. Debt Securities at FVOCI

The fair value of debt securities at FVOCI are based on both actively traded markets where prices are based on direct market quotes or observed transactions, and markets that are not considered to be active but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs.

Investments whose values are based on quoted market prices in active markets, and are therefore classified within Level 1, including US government treasury bills and certain non-US sovereign obligations. The Company does not adjust the quoted price for these instruments.

2. Other Investments

The fair value of other investments is determined by using quantitative models that require the use of valuation techniques. As these securities are not actively traded or where quoted prices are unavailable, the Company utilises comparable trading multiples in arriving at the valuation for these positions. Management determines comparable public companies and calculates a trading multiple for each comparable company identified using other observable inputs. The trading multiple is then discounted for considerations such as illiquidity and differences between the comparable companies based on company specific facts and circumstances. Where possible, management corroborates fair value with observations of market transactions of the same underlying instruments between knowledgeable and willing parties in arm’s length transactions.

b) Financial instruments measured at fair value – Fair value hierarchy

The table below presents the carrying value of financial instruments held at fair value across the three levels of the fair value hierarchy at 31 December 2023 and 31 December 2022.

45. FAIR VALUE MEASUREMENT (CONTINUED)

Fair value measurement as at 31 December 2023

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Loans and advances to banks	472	—	—	**472**
Loans and advances to customers	—	2,368	235	**2,603**
Reverse repurchase agreements	—	828	—	**828**
Trading assets	260	614	479	**1,353**
Derivative financial instruments	—	2,391	188	**2,579**
Investment securities	319	1,907	47	**2,273**
Total assets	**1,051**	**8,108**	**949**	**10,108**
Trading liabilities	—	3	2	**5**
Derivative financial instruments	—	3,550	172	**3,722**
Financial liabilities designated at fair value	—	14	3	**17**
Total liabilities	**—**	**3,567**	**177**	**3,744**

Fair value measurement as at 31 December 2022

	Level 1 $M	Level 2 $M	Level 3 $M	Total $M
Loans and advances to banks	422	—	—	422
Loans and advances to customers	—	3,217	352	3,569
Reverse repurchase agreements	—	1,817	—	1,817
Trading assets	—	752	809	1,561
Derivative financial instruments	—	2,493	221	2,714
Investment securities	131	191	47	369
Total assets	553	8,470	1,429	10,452
Trading liabilities	—	1	—	1
Derivative financial instruments	—	3,396	202	3,598
Financial liabilities designated at fair value	—	64	7	71
Total liabilities	—	3,461	209	3,670

Transfers between levels of the fair value hierarchy are assessed on a quarterly basis and the policy for determining a transfer amount is consistent for transfers in and transfers out. During 2023, similar to 2022 no transfer of financials instruments was made between Level1 and Level 2 of the fair value hierarchy

45. FAIR VALUE MEASUREMENT (CONTINUED)

c) Level 3 fair value measurement

Level 3 derivative contracts primarily relate to interest rate and inflation-linked derivatives that have unobservable model valuation inputs (e.g. unobservable correlation).

Level 3 trading assets and loans primarily relate to loans that have unobservable model valuation inputs.

Level 3 inputs relate to mark to model financial instruments having unobservable model inputs that have an overall significant impact on the financial instrument fair value. This is true whether the financial instrument is considered a cash security, securitised product or structured derivative.

Classification on Level 3 is a result of failure to be classified on either Levels 1 or 2. It is important to note some key points regarding the use of Level 3 inputs for the purposes of estimating fair value:

- Unobservable inputs can only be used in the absence of reliable observable market data.
- If unobservable inputs are used, they must reflect the assumptions market participants would use when pricing the asset or liability, including assumptions about risk. If the Company's own data is used to develop unobservable inputs, this should be adjusted if reasonably available information suggests other market participants would use different data.
- Assumptions about risk include the risk or uncertainty inherent in a particular valuation model used to estimate fair value, as well as the inputs used by the valuation model. A fair value estimate produced from a valuation model must be adjusted for these risks if a market participant would do so in their pricing of an asset or liability. Financial assets and liabilities whose values are based on prices or valuation techniques that require inputs that are both unobservable and are significant to the overall fair value measurement are classified as Level 3 in the fair value hierarchy.

45. FAIR VALUE MEASUREMENT (CONTINUED)

i) Reconciliation

The table below presents a reconciliation of all Level 3 financial instruments measured at fair value. Level 3 assets were $949 million as of 31 December 2023 (2022: $1,429 million) and represented 9% (2022: 14%) of assets measured at fair value. Level 3 liabilities were $177 million as of 31 December 2023 and represented 5% (2022: $209 million 6%) of liabilities measured at fair value.

	Loans and advances to customers	Trading assets	Derivative assets	Investment securities	Derivative liabilities	Financial liabilities designated at fair value	Total
	$M	$M	$M	$M	$M	$M	$M
Balance at 1 January 2023	352	809	221	47	(202)	(7)	1,220
Total gains/(losses) recognised within the income statement	(14)	85	41	—	(46)	5	71
Purchases	—	73	—	—	—	—	73
Sales	(16)	(58)	—	—	—	(1)	(75)
Issuances	—	14	—	—	—	—	14
Settlements	(74)	(436)	(103)	—	105	—	(508)
Transfer into Level 3	—	29	46	—	(29)	(2)	44
Transfer out Level 3	(13)	(37)	(17)	—	—	—	(67)
Transfers between businesses	—	—	—	—	—	—	—
Balance at 31 December 2023	**235**	**479**	**188**	**47**	**(172)**	**(5)**	**772**
Unrealised gains/ (losses)	(14)	7	43	—	(46)	5	(5)

Unrealised gains/(losses) relate to profit or loss from positions still held at year end and are included within Net Income/(Expense) from other Financial Instruments at FVPL (Note 7) for Loans and advances and for all other Financial Instruments under the trading revenue.

The same applies for the Total gain/(Losses).

The transfers into Level 3 from Level 2 during the year were due to lack of observable market pricing data subsequent to purchase. The transfers out of Level 3 to Level 2 during the year were due to increased availability of observable pricing data on underlying positions.

45. FAIR VALUE MEASUREMENT (CONTINUED)

	Loans and advances to customers	Trading assets	Derivative assets	Investment securities	Derivative liabilities	Financial liabilities designated at fair value	Total
	$M	$M	$M	$M	$M	$M	$M
Balance at 1 January 2022	56	551	27	48	(13)	(16)	653
Total gains/(losses) recognised within the income statement	(5)	21	218	(1)	(212)	9	30
Purchases	33	789	—	—	—	—	822
Sales	(11)	(20)	—	—	—	—	(31)
Issuances	45	—	—	—	—	—	45
Settlements	(12)	(504)	(9)	—	8	—	(517)
Transfer into level 3	246	37	3	—	(3)	—	283
Transfer out of level 3	—	—	(18)	—	18	—	—
Transfers between businesses	—	(65)	—	—	—	—	(65)
Balance at 31 December 2022	352	809	221	47	(202)	(7)	1,220
Unrealised gains/ (losses)	(5)	13	218	(1)	(212)	9	22

45. FAIR VALUE MEASUREMENT (CONTINUED)

ii) Unobservable inputs used in measuring fair value

31 December 2023

Product	Valuation Technique	Significant Unobservable Inputs	Unit	Input Low	Input High	Input Weighted Average	Fair Value Assets	Fair Value Liabilities
							$M	$M
Loans and advances and traded loans – backed by commercial real estate assets	Discounted cash flow	Yield Price	% $	— —	25 100	12 75	192	(2)
Loans and advances and traded loans – commercial loans	Discounted cash flow, Market comparable	Yield Prepayment speed Default rate Loss severity Price Long-dated equity volatilities	% % % % $ %	5 10 3 35 — —	59 20 4 40 157 —	13 16 4 37 70 n/a	520	(2)
Equities	Discounted cash flow, Market Comparable	Yield Prepayment speed Default rate Loss severity Price Long-dated equity volatilities	% % % % $ %	5 10 3 35 — —	59 20 4 40 157 —	13 16 4 37 70 n/a	47	
Interest Rate Derivatives	Industry standard derivative pricing	Correlation (IR/IR) Correlation (FX/IR) Long-dated inflation rates Long-dated inflation volatilities Interest rate volatilities	% % % % %	(35) (25) (1) — —	89 58 11 5 2	65 35 — 2 1	146	(143)
Credit derivatives	Discounted cash flow, Stochastic recovery correlation model	Credit spreads Upfront points Prepayment speed Default rate Credit correlation Price	Points Points % % % $	2 — 15 2 22 —	79 — 15 1 5 2 62 94	59 — n\a n \ n\a 58 87	42	(29)

45. FAIR VALUE MEASUREMENT (CONTINUED)

31 December 2022

Product	Valuation Technique	Significant Unobservable Inputs	Unit	Input Low	Input High	Input Weighted Average	Fair Value Assets $M	Fair Value Liabilities $M
Loans and advances and traded loans - backed by commercial real estate assets	Discounted cash flow	Yield	%	—	25	10	262	(2)
		Price	$	—	100	75		
Loans and advances and traded loans - commercial loans	Discounted cash flow, Market comparables	Yield	%	5	43	15	899	(5)
		Prepayment speed	%	10	20	15		
		Default rate	%	3	4	4		
		Loss severity	%	35	40	38		
		Price	$	—	157	75		
		Long-dated equity volatilities	%	—	—	n/a		
Equities	Discounted cash flow, Market comparables	Yield	%	5	43	15	47	—
		Prepayment speed	%	10	20	15		
		Default rates	%	3	4	4		
		Loss severities	%	35	40	38		
		Long-dated equity volatilities	%	—	—	n/a		
		Price	$	—	157	75		
Interest Rate Derivatives	Industry standard derivative pricing	Correlation (IR/IR)	%	(35)	89	67	206	(202)
		Correlation (FX/IR)	%	11	58	43		
		Long-dated inflation rates	%	—	39	1		
		Long-dated inflation volatilities	%	—	5	2		
		Interest rate volatilities	%	—	2	1		
Credit derivatives	Discounted cash flow, Stochastic recovery correlation model	Credit spreads	Points	3	63	22	15	
		Upfront points	Points	—	100	83		
		Prepayment speed	%	15	15	n/a		
		Default rate	%	2	2	n/a		
		Credit correlation	%	18	53	44		
		Price	$	—	151	63		

45. FAIR VALUE MEASUREMENT (CONTINUED)

The tables above provide information on the valuation techniques, significant unobservable inputs and their ranges for each major category of assets and liabilities measured at fair value on a recurring basis with a significant Level 3 balance.

The level of aggregation and breadth of products cause the range of inputs to be wide and not evenly distributed across the inventory. Further, the range of unobservable inputs may differ across firms in the financial services industry because of diversity in the types of products included in each firm's inventory. The ranges calculated are at a BAC Group level. The Company is within or at those ranges.

The Company uses multiple market approaches in valuing certain of its Level 3 financial instruments. For example: market comparables and discounted cash flows are used together. For a given product, such as corporate debt securities, market comparables may be used to estimate some of the unobservable inputs and then these inputs are incorporated into a discounted cash flow model. Therefore, the balances disclosed encompass both of these techniques.

Loans and securities

For instruments backed by residential real estate assets, commercial real estate assets and commercial loans, debt securities and other, a significant increase in market yields, default rates, loss severities or duration would result in a significantly lower fair value for long positions. Short positions would be impacted in a directionally opposite way. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument and, in the case of collateralised loan obligations, whether prepayments can be reinvested.

For instruments backed by commercial real estate assets, a significant increase in real estate asset price would result in a significantly higher fair value for long positions, and short positions would be impacted in a directionally opposite way.

Derivative assets and liabilities

For credit derivatives, a significant increase in market yield, upfront points (i.e., a single upfront payment made by a protection buyer at inception), credit spreads, default rates or loss severities would result in a significantly lower fair value for protection sellers and higher fair value for protection buyers. The impact of changes in prepayment speeds would have differing impacts depending on the seniority of the instrument.

For interest rate derivatives a significant change in long-dated rates and volatilities and correlation inputs (e.g., the degree of correlation between an equity security and an index, between two different commodities, between two different interest rates, or between interest rates and foreign exchange rates) would result in a significant impact to the fair value; however, the magnitude and direction of the impact depends on whether the Company is long or short the exposure.

iii) Sensitivity analysis of unobservable inputs

Where the value of financial instruments is dependent on unobservable inputs, the precise level for these parameters at the reporting date might be drawn from a spectrum of reasonably possible alternatives. Appropriate levels for these inputs are chosen so that they are consistent with prevailing market evidence and in line with the Company’s valuation control policies. Were the Company to have valued the financial instruments concerned using input values drawn from the extremes of the ranges of reasonable possible alternatives then as at the year end, it could have increased fair value by as much as $121 million (2022: $204 million) or decreased fair value by as much as $151 million (2022: $255 million) with the potential effect impacting the income statement rather than reserves.

45. FAIR VALUE MEASUREMENT (CONTINUED)

This disclosure is intended to illustrate the potential impact of the relative uncertainty in the fair value of financial instruments for which valuation is dependent on unobservable inputs and is not predictive or indicative of future movements in fair value. Furthermore, it is unlikely in practice that all unobservable parameters would be simultaneously at the extremes of their ranges of reasonable possible alternatives.

d) Day one profit / (loss)

Below is the amount that has yet to be recognised in the income statement relating to the difference between the fair value at recognition (being the transaction price) and the amount that would have arisen had valuation techniques used for subsequent measurement been applied at initial recognition, less any subsequent releases. The breakdown is as follows:

	2023	**2022**
	$M	**$M**
At 1 January	**5**	6
Day one profit on new trades not recognised in income statement	**—**	—
Settlements/disposals	**(2)**	(1)
At 31 December	**3**	**5**

e) Financial assets and liabilities carried at amortised cost

The below summarises the fair value of the Company's financial assets and liabilities which are carried at amortised cost.

Reverse repurchase agreements and repurchase agreements are classified as level 2 and the carrying amount is deemed a reasonable approximation of fair value, given the short-term nature of the majority of these instruments.

Loans and advances to banks and customers held at amortised cost are classified as level 2 and have a fair value of $37,593 million (2022: $33,524 million).

The fair value of subordinated liabilities and other long-term funding is determined by reference to quoted market prices where available or by reference to quoted market prices of similar instruments. Subordinated liabilities and other long-term funding are classified as level 2 and have a fair value of $4,050 million (2022: $4,021 million).

Under the fair value hierarchy, cash held at central banks are classified as Level 1. The carrying amounts of certain financial instruments like Market and client receivables/payables and Other Assets/Other Liabilities are a reasonable approximation of their fair value, due to the short-term nature of these instruments and are classified as Level 2.

46. RELATED PARTY TRANSACTIONS

As detailed in note 1, the Company has elected to take advantage of the exemption available under FRS 101 for the requirements in IAS 24 - Related Party Disclosures to disclose related party transactions entered into between two or more wholly owned members of a group.

Management consider key management personnel to be represented by the Board of directors of the Company. Details of the remuneration of the directors are included in note 13.