



BANC OF AMERICA SECURITIES ASIA LIMITED

**Interim Financial Disclosures Statements (unaudited)
for the period ended 30 June 2023**

Banc of America Securities Asia Limited

Interim Financial Statements (Unaudited) for the period ended 30 June 2023

The reports and statements set out below comprise the unaudited interim financial statements :

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Banc of America Securities Asia Limited

Interim Financial Statements (Unaudited) for the period ended 30 June 2023

CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

FOR THE PERIOD ENDED 30 JUNE 2023

	Note	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Interest income	18	61	274
Interest expense		<u>(60,591)</u>	<u>(3,127)</u>
Net interest expense	3	(60,530)	(2,853)
Fee and commission expense	4	(49)	(50)
Net trading income	5	93,608	8,370
Other operating income	6,18	<u>16,203</u>	<u>8,176</u>
Operating income		49,232	13,643
Operating expenses	7	(3,908)	(2,040)
Staff cost	8	<u>(3,004)</u>	<u>(1,169)</u>
Profit before taxation		42,320	10,434
Tax expense	9	<u>(9,459)</u>	<u>(1,722)</u>
Profit for the period		<u>32,861</u>	<u>8,712</u>
Total comprehensive profit for the period ended 30th June		<u><u>32,861</u></u>	<u><u>8,712</u></u>
Attributable to			
Equity holders		<u><u>32,861</u></u>	<u><u>8,712</u></u>

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CONDENSED STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2023

	Note	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000	Cross references to definition of capital components in supplementary financial information
Assets				
Cash and balances with banks	11	146,833	146,550	
Financial assets at fair value through profit or loss	12	2,860,315	2,930,969	
Derivative financial instruments	13,17	309,322	285,271	
Amount due from parent	17	4,081	1,576	
Amount due from fellow subsidiaries	17	1,475	1,744	
Deferred income tax assets	10	285	254	(4)
Other assets		1,133	1,282	
Total assets		3,323,444	3,367,646	
Liabilities				
Deposits and balances from banks		2,391,745	2,486,765	
Derivative financial instruments	13,17	145,221	256,897	
Amount due to parent	17	154,706	16,359	
Amount due to fellow subsidiaries	17	2,224	29,780	
Current income tax liabilities		14,973	4,470	
Other liabilities	15	9,620	1,281	
Total liabilities		2,718,489	2,795,552	
Equity				
Share capital		491,442	491,442	(1)
Retained earnings		107,046	74,185	(2)
Other reserves	16	6,467	6,467	(3)
Total equity		604,955	572,094	
Total equity and liabilities		3,323,444	3,367,646	

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CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED) AS AT 30 JUNE 2023

	Share capital US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Total US\$'000
Beginning balance at 1 January 2022	491,442	47,554	6,467	545,463
Total comprehensive profit for the period	–	8,712	–	8,712
Ending balance at 30 June 2022	<u>491,442</u>	<u>56,266</u>	<u>6,467</u>	<u>554,175</u>
Beginning balance at 1 January 2023	491,442	74,185	6,467	572,094
Total comprehensive profit for the period	–	32,861	–	32,861
Ending balance at 30 June 2023	<u>491,442</u>	<u>107,046</u>	<u>6,467</u>	<u>604,955</u>

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CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE PERIOD ENDED 30 JUNE 2023

	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Profit before taxation	42,320	10,434
Adjustment for:		
Net interest expense	60,530	2,853
Net interest income on trading	(40,993)	(16,034)
Operating profit before movements in working capital	61,857	(2,747)
Cash flows from operating activities		
Interest received	42,125	8,838
Interest paid	(60,539)	(3,047)
Income taxes paid	1,013	(584)
Change in financial assets at fair value through profit or loss	69,530	(954,876)
Change in derivative financial instruments	(135,727)	(385,050)
Change in deposit and balance from / to banks	(95,020)	1,062,965
Change in Amount due to parent	135,843	191,687
Change in Amount due to fellow subsidiaries	(27,286)	243,671
Change in other assets	148	(6,857)
Change in other liabilities	8,339	414
Net cash outflow from operating activities	(61,574)	157,161
Net increase in cash and cash equivalents	283	154,414
Cash and cash equivalents at beginning of year	146,550	152,225
Cash and cash equivalents at the end of year	146,833	306,639

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Interim Financial Statements (Unaudited) for the period ended 30 June 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

1. General information

Banc of America Securities Asia Limited (“the Company”) trades Fixed Income and Currency products. The immediate parent company is Bank of America, National Association and the ultimate parent company is Bank of America Corporation (“BAC”) which is organized and existing under the laws of the State of Delaware in the United States of America.

The Company is a restricted licence bank incorporated and domiciled in Hong Kong, regulated by Hong Kong Monetary Authority (“HKMA”). It is also a registered institution with the Hong Kong Securities and Futures Commission. The address of its registered office is 52/F, Cheung Kong Center, 2 Queen’s Road Central, Central, Hong Kong.

The financial statements are presented in US dollars, unless otherwise stated.

2. Basis of preparation

This condensed interim financial disclosure statements of the Company for the half-year reporting period ended 30th June 2023 has been prepared in accordance with Hong Kong Accounting Standard (“HKAS”) 34 “Interim Financial Reporting”.

This condensed interim financial disclosure statements does not include all the notes of the type normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31st December 2022.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

3. Net interest expense

	JUN 30, 2023	JUN 30, 2022
	US\$’000	US\$’000
<u>Interest income:</u>		
Placements with banks	61	274
<u>Interest expense:</u>		
Deposits and balances from banks	(60,591)	(3,127)
Net interest expense	<u>(60,530)</u>	<u>(2,853)</u>

4. Fee & commission expense

	JUN 30, 2023	JUN 30, 2022
	US\$’000	US\$’000
Securities custodian fees	48	50
Other fees paid	1	–
Fee and commission expense	<u>49</u>	<u>50</u>

No fee income and fee expenses (other than amounts included in determining the effective interest rate) arise/arose from financial assets or financial liabilities that are not held for trading nor designated at fair value.

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Interim Financial Statements (Unaudited) for the period ended 30 June 2023

NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

5. Net trading income

	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Net foreign exchange (loss) / gain	(1,574)	258,783
Net interest income from financial assets at fair value through profit or loss	40,938	16,034
Net gain / (loss) from financial instruments at fair value through profit or loss	54,189	(265,732)
Net interest income/ (expense) from collateral	55	(714)
	<u>93,608</u>	<u>8,371</u>

6. Other operating income

	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Service fee income (note 18)	16,203	8,176
	<u>16,203</u>	<u>8,176</u>

7. Operating expenses

	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Directors' fees	75	75
Legal and professional fees	22	8
Licence fee	12	13
Service fee expenses (note 17)	3,573	1,749
Others	226	196
	<u>3,908</u>	<u>2,041</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

8. Staff cost

	JUN 30, 2023	JUN 30, 2022
	US\$'000	US\$'000
Wages, salaries and other staff costs	765	589
Share-based payments	2,229	542
Retirement benefit schemes contribution	10	10
Other post-employment benefits	–	28
	<u>3,004</u>	<u>1,169</u>

9. Taxation

Hong Kong profits tax has been calculated at the rate of 16.5% (June 30, 2022: 16.5%) on the estimated assessable profit for the period.

(a) The amount of tax charged to the statement of comprehensive income represents:

	JUN 30, 2023	JUN 30, 2022
	US\$'000	US\$'000
Current income tax:		
- Hong Kong profits tax	7,015	1,759
- Adjustment in respect of prior years	2,476	–
Deferred tax		
- Reversal of temporary differences	(32)	(37)
Taxation expense	<u>9,459</u>	<u>1,722</u>

(b) The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	JUN 30, 2023	JUN 30, 2022
	US\$'000	US\$'000
Profit before taxation	<u>42,320</u>	<u>10,434</u>
Calculated at Hong Kong profits tax rate of 16.5%	<u>6,983</u>	<u>1,722</u>
Tax effect:		
Expenses not deductible for tax purposes	32	37
Temporary differences reversal	(32)	(37)
Adjustment in respect of prior years	2,476	–
Taxation expense	<u>9,459</u>	<u>1,722</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

10. Deferred income tax assets

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (December 31, 2022: 16.5%). The movement in the deferred income tax assets/ (liabilities) during the period is as follows:

	Depreciation allowances US\$'000	Share-based payment charge and accrual US\$'000	Total US\$'000
Beginning balance at 1 January 2022	(2)	207	205
Charge to the statement of comprehensive income for the year	–	49	49
Ending balance at 31 December 2022	(2)	256	254
Charge to the statement of comprehensive income for the period	(1)	32	31
Ending balance at 30 June 2023	(3)	288	285

11. Cash and balances with banks

	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000
Demand balances with banks	146,833	119,543
Deposits at call	–	27,007
	146,833	146,550

12. Financial assets at fair value through profit or loss

	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000
Debt securities, at fair value:		
Government bonds	2,860,315	2,930,969
	2,860,315	2,930,969

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

13. Derivative financial instruments

The Company uses the following derivative instruments for trading purpose.

The fair values of derivative instruments held are set out below:

	Notional Amount US\$'000	Fair Value	
		Assets US\$'000	Liabilities US\$'000
At 30 June 2023			
Derivatives held for trading			
- Interest rate contracts			
Interest rate swaps	46,000	2,347	–
Bond forwards	3,434,051	262,609	(28,088)
- Exchange rate contracts			
Currency Swaps	2,927,815	43,658	(117,133)
FX Forwards	27,141	708	–
		<u>309,322</u>	<u>(145,221)</u>
At 31 December 2022			
Derivatives held for trading			
- Interest rate contracts			
Swaps	51,000	2,312	(681)
Bond forwards	3,476,017	266,142	(34,985)
- Exchange rate contracts			
Currency Swaps	2,860,480	16,817	(219,499)
FX Forwards	23,711	–	(1,732)
		<u>285,271</u>	<u>(256,897)</u>

14. Assets held as collateral

As at 30 June 2023, the Company has posted cash collateral for derivatives transactions and had recognized a payable of US\$ 43,730,000 (2022: US\$ 11,960,000) under amount due to parent and fellow subsidiaries on the Company's statement of financial position.

15. Other liabilities

	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000
Other payable	<u>9,620</u>	<u>1,281</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

16. Other reserves

	Share-based payments reserve US\$'000
At 1 January 2022 and 31 December 2022	6,467
Directors' and employees' stocks and stock options granted	–
At 30 June 2023	<u>6,467</u>

Share-based payments reserve is not available for distribution.

17. Balances with group companies

Included in the following financial position captions are balances with subsidiaries of BAC, the ultimate holding company.

	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000
<u>Assets</u>		
Cash and balance with bank		
Demand balances with banks	146,833	105,347
Deposits at call	–	27,007
	<u>146,833</u>	<u>132,354</u>
Derivative financial instruments - Assets	309,322	285,271
From parent	276,226	251,921
From fellow subsidiaries	33,096	33,350
Amount due from parent	4,080	1,576
Amount due from fellow subsidiaries	1,475	1,744
	<u>461,710</u>	<u>420,945</u>
<u>Liabilities</u>		
Deposits and balances from banks	2,391,745	2,486,765
Derivative financial instruments - Liabilities	145,221	256,897
From parent	140,948	237,613
From fellow subsidiaries	4,273	19,284
Amount due to parent	154,706	16,359
Amount due to fellow subsidiaries	2,224	29,780
	<u>2,693,896</u>	<u>2,789,801</u>

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

18. Related party transactions

In addition to balances with group companies as set out in note 16, the Company had the following material transactions with related parties during the period:

(a) Profit and loss

	Note	JUN 30, 2023 US\$'000	JUN 30, 2022 US\$'000
Revenue			
Interest income on placements	(i)	61	274
Service fee income	(ii)	16,203	8,176
Net interest income from collateral		55	–
Expenses			
Interest expense on deposits	(iii)	(60,591)	(3,086)
Service fee expenses	(iv)	(3,573)	(1,749)
Net interest expense from collateral		–	(714)

Note:

- (i) The interest income was generated from placements with group companies. The interest rates are similar to that which would normally apply to customers of comparable standing.
- (ii) Service fee income represents income received and receivable from supporting services provided to group companies and income recognised when certain charges are accrued by the Company. Service fees are calculated in accordance with BAC Global Transfer Pricing Policy and are generally documented in service level agreements entered into between the Company and other group companies.
- (iii) The interest expenses were paid on deposits from group companies. The interest rates are similar to that which would normally apply to customers of comparable standing.
- (iv) Service fee expenses represent expenses paid and payable for supporting services provided by group companies and expenses recognised when certain charges are accrued by the service provider. Service fees are calculated in accordance with BAC Global Transfer Pricing Policy and are generally documented in service level agreements entered into between the Company and other group companies.

The amounts paid to holding companies include amount charged under the Recharge Agreement for the Company's participation in the employee compensation plans. The fee is determined based on the change of the fair value between the grant dates and the vesting dates for shares; and between the grant dates and the exercise dates for options and the allocation of fair value for employees who rendered services to the Company and other group companies during the life of the awards. The amount included in Service fee income is a net service fee of US\$ 188,000 (JUN 30, 2022: The amount included in Service fee expense is a net service fee of US\$ -225,000)

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NOTES TO THE INTERIM FINANCIAL STATEMENTS (UNAUDITED)

(b) Derivatives transactions

	Note	JUN 30, 2023 US\$'000	DEC 31, 2022 US\$'000
Interest rate swap with group companies	(i)	3,480,051	3,527,017
Exchange rate contracts with group companies for trading purpose	(i)	2,954,956	2,884,191

Note:

- (i) Balances represent the contractual notional amount of the outstanding currency swaps, forward contracts, bond forwards and interest rate swaps entered into with group companies. The terms of these contracts were entered in accordance with terms and conditions which would apply to customers of comparable standing

19. **Contingent liabilities and commitments**

At 30 June 2023 and 31 December 2022, the Company did not have any contingent liabilities and commitments.

The following supplementary financial information is disclosed
as part of the accompanying information to the accounts and
does not form part of the audited accounts

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Supplementary Financial Information (Unaudited)

1. Key Prudential Ratios:

The following table provides an overview of the Bank's key prudential ratios.

		as at 30 Jun 2023	as at 31 Mar 2023	as at 31 Dec 2022	as at 30 Sep 2022	as at 30 Jun 2022
	Regulatory capital (amount US\$'000)					
1	Common Equity Tier 1 (CET1)	602,828	587,613	570,752	563,926	554,163
2	Tier 1	602,828	587,613	570,752	563,926	554,163
3	Total capital	602,828	587,613	570,752	563,926	554,163
	RWA (amount US\$'000)					
4	Total RWA	941,973	785,955	899,451	780,776	592,116
	Risk-based regulatory capital ratios (as a percentage of RWA)					
5	CET1 ratio (%)	64.00	74.76	63.46	72.23	93.59
6	Tier 1 ratio (%)	64.00	74.76	63.46	72.23	93.59
7	Total capital ratio (%)	64.00	74.76	63.46	72.23	93.59
	Additional CET1 buffer requirements (as a percentage of RWA)					
8	Capital conservation buffer requirement (%)	2.50	2.50	2.50	2.50	2.50
9	Countercyclical capital buffer requirement (%)	1.00	0.99	1.00	—	—
10	Higher loss absorbency requirements (%) (applicable only to G-SIBs or D-SIBs)	NA	NA	NA	NA	NA
11	Total AI-specific CET1 buffer requirements (%)	3.50	3.49	3.50	2.50	2.50
12	CET1 available after meeting the AI's minimum capital requirements (%)	51.49	63.27	50.96	61.73	83.08
	Basel III leverage ratio					
13	Total leverage ratio (LR) exposure measure (amount US\$'000)	3,165,050	3,361,222	3,218,709	2,817,311	2,437,007
14	LR (%)	19.05	17.48	17.76	20.02	22.74
	Liquidity Coverage Ratio (LCR) / Liquidity Maintenance Ratio (LMR)					
	Applicable to category 1 institution only:					
15	Total high quality liquid assets (HQLA)	NA	NA	NA	NA	NA
16	Total net cash outflows	NA	NA	NA	NA	NA
17	LCR (%)	NA	NA	NA	NA	NA
	Applicable to category 2 institution only:					
17a	LMR (%)	40,196.28	67,615.68	12,174.87	995.51	1,033.90
	Net Stable Funding Ratio (NSFR) / Core Funding Ratio (CFR)					
	Applicable to category 1 institution only:					
18	Total available stable funding	NA	NA	NA	NA	NA
19	Total required stable funding	NA	NA	NA	NA	NA
20	NSFR (%)	NA	NA	NA	NA	NA
	Applicable to category 2A institution only:					
20a	CFR (%)	NA	NA	NA	NA	NA

As of June 30, 2023, the LMR was 40196%, decreased by 27419.40% when compared to March 31, 2023. This is mainly driven by major increase in average qualifying liabilities during the quarter.

As of June 30, 2023, the CAR was 64.00%, decreased by 10.77% when compared to March 31, 2023. This is primary driven by lower credit risk exposure as compared to previous quarter.

The above key regulatory ratios were calculated in accordance with the following Rules, where relevant, issued by the HKMA.

- Banking (Capital) Rules ("BCR")
- Leverage Ratio Framework
- Banking (Liquidity) Rules ("BLR")

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Supplementary Financial Information (Unaudited)

2. Overview of Risk Weighted Assets

The following table sets out the Banks's risk-weighted assets ("RWA") and the corresponding minimum capital requirements by risk types.

		RWA US\$'000		Minimum capital requirements US\$'000
		As of 30 Jun 2023	As of 31 Mar 2023	As of 30 Jun 2023
1	Credit risk for non-securitization exposures	30,920	26,766	2,474
2	Of which STC approach	30,920	26,766	2,474
2a	Of which BSC approach	—	—	—
3	Of which foundation IRB approach	—	—	—
4	Of which supervisory slotting criteria approach			
5	Of which advanced IRB approach			
6	Counterparty default risk and default fund contributions	66,916	88,888	5,353
7	Of which SA-CCR approach	33,924	45,107	2,714
7a	Of which CEM	—	—	—
8	Of which IMM(CCR) approach	—	—	—
9	Of which other	—	—	—
10	CVA Risk	32,992	43,781	2,639
11	Equity positions in banking book under the simple risk-weight method and internal models method	—	—	—
12	Collective investment scheme ("CIS") exposures – LTA	—	—	—
13	CIS exposures – MBA	—	—	—
14	CIS exposures – FBA	—	—	—
14a	CIS exposures – combination of approaches	—	—	—
15	Settlement risk	—	—	—
16	Securitization exposures in banking book	—	—	—
17	Of which SEC-IRBA	—	—	—
18	Of which SEC-ERBA (including IAA)	—	—	—
19	Of which SEC-SA			—
19a	Of which SEC-FBA			
20	Market risk	774,668	615,799	61,973
21	Of which STM approach	774,668	615,799	61,973
22	Of which IMM approach			—
23	Capital charge for switch between exposures in trading book and banking book (not applicable before the revised market risk framework takes effect)*	—	—	—
24	Operational risk	69,469	54,502	5,558
24a	Sovereign concentration risk	—	—	—

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Supplementary Financial Information (Unaudited)

25	Amounts below the thresholds for deduction (subject to 250% RW)			—
26	Capital floor adjustment			—
26a	Deduction to RWA			—
26b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital			
26c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital			
27	Total	941,973	785,955	75,358

3. Composition of Regulatory Capital

3.1 Financial Statements and Regulatory Scope of Consolidation

For regulatory reporting purposes, the bank is required to compute its capital adequacy ratio and leverage ratio on a solo basis.

3.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Financial Statement

The following table sets out the detailed composition of the Company's regulatory capital as at 30 Jun 2023.

		US\$'000	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
CET1 capital: instruments and reserves			
1	Directly issued qualifying CET1 capital instruments plus any related share premium	491,442	(1)
2	Retained earnings	107,046	(2)
3	Disclosed reserves	6,467	(3)
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable	Not applicable
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	—	
6	CET1 capital before regulatory deductions	604,955	
CET1 capital: regulatory deductions			
7	Valuation adjustments	1,842	
8	Goodwill (net of associated deferred tax liability)	—	
9	Other intangible assets (net of associated deferred tax liability)	—	
10	Deferred tax assets net of deferred tax liabilities	285	(4)
11	Cash flow hedge reserve	—	
12	Excess of total EL amount over total eligible provisions under the IRB approach	—	

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Supplementary Financial Information (Unaudited)

13	Credit-enhancing interest-only strip, and any gain-on-sale and other increase in the CET1 capital arising from securitization transactions	—	
14	Gains and losses due to changes in own credit risk on fair valued liabilities	—	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	—	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	—	
17	Reciprocal cross-holdings in CET1 capital instruments	—	
18	Insignificant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
19	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
20	Mortgage servicing rights (net of associated deferred tax liabilities)	Not applicable	Not applicable
21	Deferred tax assets arising from temporary differences (net of associated deferred tax liabilities)	Not applicable	Not applicable
22	Amount exceeding the 15% threshold	Not applicable	Not applicable
23	of which: significant investments in the ordinary share of financial sector entities	Not applicable	Not applicable
24	of which: mortgage servicing rights	Not applicable	Not applicable
25	of which: deferred tax assets arising from temporary differences	Not applicable	Not applicable
26	National specific regulatory adjustments applied to CET1 capital	—	
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	—	
26b	Regulatory reserve for general banking risks	—	
26c	Securitization exposures specified in a notice given by the MA	—	
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	—	
26e	Capital shortfall of regulated non-bank subsidiaries	—	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	—	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	—	
28	Total regulatory deductions to CET1 capital	—	
29	CET1 capital	602,828	
	AT1 capital: instruments		
30	Qualifying AT1 capital instruments plus any related share premium	—	
31	of which: classified as equity under applicable accounting standards	—	
32	of which: classified as liabilities under applicable accounting standards	—	
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	—	
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	—	
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	—	

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36	AT1 capital before regulatory deductions	—	
	AT1 capital: regulatory deductions		
37	Investments in own AT1 capital instruments	—	
38	Reciprocal cross-holdings in AT1 capital instruments	—	
39	Insignificant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	—	
40	Significant LAC investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	—	
41	National specific regulatory adjustments applied to AT1 capital	—	
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	—	
43	Total regulatory deductions to AT1 capital	—	
44	AT1 capital	—	
45	Tier 1 capital (Tier 1 = CET1 + AT1)	602,828	
	Tier 2 capital: instruments and provisions		
46	Qualifying Tier 2 capital instruments plus any related share premium	—	
47	Capital instruments subject to phase out arrangements from Tier 2 capital	—	
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	—	
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	—	
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	—	
51	Tier 2 capital before regulatory deductions	—	
	Tier 2 capital: regulatory deductions		
52	Investments in own Tier 2 capital instruments	—	
53	Reciprocal cross-holdings in Tier 2 capital instruments and non-capital LAC liabilities	—	
54	Insignificant LAC investments in Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold and, where applicable, 5% threshold)	—	
54a	Insignificant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (amount formerly designated for the 5% threshold but no longer meets the conditions) (for institutions defined as “section 2 institution” under §2(1) of Schedule 4F to BCR only)	—	
55	Significant LAC investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	—	
55a	Significant LAC investments in non-capital LAC liabilities of financial sector entities that are outside the scope of regulatory consolidation (net of eligible short positions)	—	
56	National specific regulatory adjustments applied to Tier 2 capital	—	

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56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	—	
57	Total regulatory deductions to Tier 2 capital	—	
58	Tier 2 capital	—	
59	Total regulatory capital (TC = T1 + T2)	602,828	
60	Total RWA	941,973	
	Capital ratios (as a percentage of RWA)		
61	CET1 capital ratio	64.00 %	
62	Tier 1 capital ratio	64.00 %	
63	Total capital ratio	64.00 %	
64	Institution-specific buffer requirement (capital conservation buffer plus countercyclical capital buffer plus higher loss absorbency requirements)	3.50 %	
65	<i>of which: capital conservation buffer requirement</i>	2.50 %	
66	<i>of which: bank specific countercyclical buffer requirement</i>	1.00 %	
67	<i>of which: higher loss absorbency requirement</i>	NA	
68	CET1 (as a percentage of RWA) available after meeting minimum capital requirements	51.49 %	
	National minima (if different from Basel 3 minimum)		
69	National CET1 minimum ratio	Not applicable	Not applicable
70	National Tier 1 minimum ratio	Not applicable	Not applicable
71	National Total capital minimum ratio	Not applicable	Not applicable
	Amounts below the thresholds for deduction (before risk weighting)		
72	Insignificant LAC investments in CET1, AT1 and Tier 2 capital instruments issued by, and non-capital LAC liabilities of, financial sector entities that are outside the scope of regulatory consolidation	—	
73	Significant LAC investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	—	
74	Mortgage servicing rights (net of associated deferred tax liability)	Not applicable	Not applicable
75	Deferred tax assets arising from temporary differences (net of associated deferred tax liability)	Not applicable	Not applicable
	Applicable caps on the inclusion of provisions in Tier 2 capital		
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the BSC approach, or the STC approach and SEC-ERBA, SEC-SA and SEC-FBA (prior to application of cap)	—	
77	Cap on inclusion of provisions in Tier 2 under the BSC approach, or the STC approach, and SEC-ERBA, SEC-SA and SEC-FBA	—	
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach and SEC-IRBA (prior to application of cap)	—	
79	Cap for inclusion of provisions in Tier 2 under the IRB approach and SEC-IRBA	—	
	Capital instruments subject to phase-out arrangements		
80	<i>Current cap on CET1 capital instruments subject to phase out arrangements</i>	Not applicable	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable	Not applicable

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82	Current cap on AT1 capital instruments subject to phase out arrangements	—	
83	Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)	—	
84	Current cap on Tier 2 capital instruments subject to phase out arrangements	—	
85	Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)	—	

3.3 Main Features of Capital Instruments

The following is a summary of main features of the Company's issued Common Equity Tier 1 ("CET1") capital instrument outstanding as at 30 Jun 2023.

The Company did not have Additional Tier 1 or Tier 2 capital instruments as of 30 Jun 2023.

1	Issuer	Banc of America Securities Asia Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	BBG002Y21XT8
3	Governing law(s) of the instrument	Hong Kong Law
	Regulatory treatment	
4	Transitional Basel III rules	Common Equity Tier 1
5	Post-transitional Basel III rules	Common Equity Tier 1
6	Eligible at solo / group / solo & group	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognized in regulatory capital (Currency in million, as of most recent reporting date)	USD 491mil
9	Par value of instrument	NA
10	Accounting classification	Shareholders' equity
11	Original date of issuance	May 22, 1973
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	Coupons / dividends	
17	Fixed or floating dividend/coupon	Discretionary dividend amount

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18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned)	No
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

4. Countercyclical Capital Buffer

4.1 Geographical breakdown of RWA related to Credit Exposures used in the Countercyclical Capital Buffer Ratio

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As at 30 Jun 2023					
	Geographical breakdown by Jurisdiction (J)	Applicable JCCyB ratio in effect %	RWA used in computation of CCyB ratio US\$'000	AI Specific CCyB ratio %	CCyB amount US\$'000
1	Hong Kong SAR	1.00%	8		
2	United Kingdom (excludes Guernsey, Isle of Man and Jersey)	1.00%	6,251		
	Sum		6,259		
	Total		6,259	0.00%	-

5. Leverage Ratio

5.1 Summary Comparison of Accounting Assets against Leverage Ratio ("LR") Exposure Measure

	Item	Leverage ratio framework US\$'000 30 Jun 2023
1	Total consolidated assets as per published financial statements	3,323,447
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	
2a	Adjustment for securitised exposures that meet the operational requirements for the recognition of risk transference	
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the LR exposure measure	
3a	Adjustments for eligible cash pooling transactions	—
4	Adjustments for derivative financial instruments	(156,270)
5	Adjustment for SFTs (i.e. repos and similar secured lending)	
6	Adjustment for off-balance sheet ("OBS") items (i.e. conversion to credit equivalent amounts of OBS exposures)	
6a	Adjustments for prudent valuation adjustments and specific and collective provisions that are allowed to be excluded from exposure measure	(1,842)
7	Other adjustments	(285)
8	Leverage ratio exposure measure	3,165,050

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Supplementary Financial Information (Unaudited)

5.2 Leverage Ratio (“LR”)

	Item	Leverage ratio framework US\$'000 30th Jun 2023	Leverage ratio framework US\$'000 31st Mar 2023
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	3,014,125	3,159,395
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	(2,127)	(1,418)
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,011,998	3,157,977
Derivative exposures			
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	14,085	65,062
5	Add-on amounts for PFE associated with all derivative contracts	138,967	138,183
6	Gross-up for collateral provided in respect of derivative contracts where deducted from the balance sheet assets pursuant to the applicable accounting framework	—	—
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	—	—
8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	—	—
9	Adjusted effective notional amount of written credit derivatives	—	—
10	Less: Adjusted effective notional offsets and add-on deductions for written credit-related derivative contracts	—	—
11	Total derivative exposures (sum of lines 4 to 10)	153,052	203,245
Securities financing transaction exposures			
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	—	—
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	—	—
14	CCR exposure for SFT assets	—	—
15	Agent transaction exposures	—	—
16	Total securities financing transaction exposures	—	—
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	—	—
18	Less: Adjustments for conversion to credit equivalent amounts	—	—
19	Off-balance sheet items	—	—
Capital and total exposures			

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20	Tier 1 capital	602,832	587,613
20a	Total exposures before adjustments for specific and collective provisions	3,165,050	3,361,222
20b	Adjustments for specific and collective provisions	—	—
21	Total exposures	3,165,050	3,361,222
Leverage ratio			
22	Leverage ratio	19.05 %	17.48 %

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Supplementary Financial Information (Unaudited)

6. Credit Risk

6.1 Quantitative Disclosures

The Company uses the standardized approach for calculation of credit risk.

At 30 Jun 2023, the Company did not have any loans, debt securities and off-balance sheet exposures for subjected to credit risk capital.

6.2 Credit Risk Exposures and effects of Recognized Credit Risk Mitigation –STC Approach

US\$'000		As of 30 Jun 2023					
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
Exposure classes		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density (%)
1	Sovereign exposures	—	—	—	—	—	—
2	PSE exposures	—	—	—	—	—	—
2a	Of which: domestic PSEs	—	—	—	—	—	—
2b	Of which: foreign PSEs	—	—	—	—	—	—
3	Multilateral development bank exposures	—	—	—	—	—	—
4	Bank exposures	150,913	142,010	150,913	142,010	58,585	20
5	Securities firm exposures	1,475	11,042	1,475	11,042	6,259	50
6	Corporate exposures	—	—	—	—	—	—
7	CIS exposures	—	—	—	—	—	—
8	Cash items	—	—	—	—	—	—
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	—	—	—	—	—	—
10	Regulatory retail exposures	—	—	—	—	—	—
11	Residential mortgage loans	—	—	—	—	—	—
12	Other exposures which are not past due	—	—	—	—	—	—
13	Past due exposures	—	—	—	—	—	—
14	Significant exposures to commercial entities	—	—	—	—	—	—
15	Total	152,388	153,052	152,388	153,052	64,844	21

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Supplementary Financial Information (Unaudited)

6.3 Credit Risk Exposures by Asset Classes and by Risk Weights – for STC Approach

US\$'000		As of 30 Jun 2023											Total credit risk exposures amount (post CCF and post CRM)
Risk Weight	Exposure class	0%	10%	20%	35%	50%	75%	100%	150%	250%	Others		
1	Sovereign exposures	—	—	—	—	—	—	—	—	—	—	—	
2	PSE exposures	—	—	—	—	—	—	—	—	—	—	—	
2a	Of which: domestic PSEs	—	—	—	—	—	—	—	—	—	—	—	
2b	Of which: foreign PSEs	—	—	—	—	—	—	—	—	—	—	—	
3	Multilateral development bank exposures	—	—	—	—	—	—	—	—	—	—	—	
4	Bank exposures	—	—	292,923	—	0	—	—	—	—	—	292,923	
5	Securities firm exposures	—	—	—	—	12,517	—	—	—	—	—	12,517	
6	Corporate exposures	—	—	—	—	—	—	—	—	—	—	—	
7	CIS exposures	—	—	—	—	—	—	—	—	—	—	—	
8	Cash items	—	—	—	—	—	—	—	—	—	—	—	
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	—	—	—	—	—	—	—	—	—	—	—	
10	Regulatory retail exposures	—	—	—	—	—	—	—	—	—	—	—	
11	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—	
12	Other exposures which are not past due exposures	—	—	—	—	—	—	—	—	—	—	—	
13	Past due exposures	—	—	—	—	—	—	—	—	—	—	—	
14	Significant exposures to commercial entities	—	—	—	—	—	—	—	—	—	—	—	
15	Total	—	—	292,923	—	12,517	—	—	—	—	—	305,440	

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Supplementary Financial Information (Unaudited)

7. Counterparty Credit Risk

7.1 Quantitative Disclosures

(a) Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
	As of 30 Jun 2023	US\$'000					
1	SA-CCR approach (for derivative contracts)	14,085	138,967		1.4	194,554	33,923
1a	CEM (for derivative contracts)	—	—		1.4	—	—
2	IMM (CCR) approach			—	—	—	—
3	Simple Approach (for SFTs)					—	—
4	Comprehensive Approach (for SFTs)					—	—
5	VaR (for SFTs)					—	—
6	Total						33,923

(b) CVA capital charge

		EAD post CRM	RWA
	As of 30 Jun 2023	US\$'000	
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	—	—
1	(i) VaR (after application of multiplication factor if applicable)		—
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		—
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	153,052	32,992
4	Total	153,052	32,992

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(c) Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – STC approach

As of 30 Jun 2023												
		(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
	Risk Weight	0.00%	10 %	20 %	35 %	50 %	75 %	100 %	150 %	250 %	Others	Total default risk exposure after CRM
	Exposure class											
1	Sovereign exposures	—	—	—	—	—	—	—	—	—	—	—
2	PSE exposures	—	—	—	—	—	—	—	—	—	—	—
2a	Of which: domestic PSEs	—	—	—	—	—	—	—	—	—	—	—
2b	Of which: foreign PSEs	—	—	—	—	—	—	—	—	—	—	—
3	Multilateral development bank exposures	—	—	—	—	—	—	—	—	—	—	—
4	Bank exposures	—	—	142,010	—	—	—	—	—	—	—	142,010
5	Securities firm exposures	—	—	—	—	11,042	—	—	—	—	—	11,042
6	Corporate exposures	—	—	—	—	—	—	—	—	—	—	—
7	CIS exposures	—	—	—	—	—	—	—	—	—	—	—
8	Regulatory retail exposures	—	—	—	—	—	—	—	—	—	—	—
9	Residential mortgage loans	—	—	—	—	—	—	—	—	—	—	—
10	Other exposures which are not past due exposures	—	—	—	—	—	—	—	—	—	—	—
11	Significant exposures to commercial entities	—	—	—	—	—	—	—	—	—	—	—
12	Total	—	—	142,010	—	11,042	—	—	—	—	—	153,052

(d) Composition of collateral for counterparty default risk exposures (including those or contracts or transactions cleared through CCPs)

At 30 Jun 2023, the Company did not have any composition of collateral for counterparty default risk exposures.

(e) Credit-related derivatives contracts

At 30 Jun 2023, the Company did not have any credit-related derivatives contracts.

(f) Exposures to CCPs

At 30 Jun 2023, the Company did not have any exposures as clearing member or client to qualifying and non-qualifying CCPs.

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8. Securitization Exposures

At 30 Jun 2023, the Company did not have any Securitization Exposures.

9. Market Risk

9.1 Quantitative Disclosure

Market Risk under Standardized Approach

(US \$'000)		As at 30 Jun 2023
		RWA
	Outright product exposures	
1	Interest rate exposures (general and specific risk)	524,681
2	Equity exposures (general and specific risk)	-
3	Foreign exchange (including gold) exposures	249,987
4	Commodity exposures	-
	Option exposures	
5	Simplified approach	-
6	Delta-plus approach	-
7	Other approach	-
8	Securitization exposures	-
9	Total	774,668

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10. International Claims

US\$'000					
As at 30th Jun 2023	Banks	Official Sector	Non Bank Private Sector		Total
			Non-bank Financial institutions	Non-financial private sector	
Developed Countries	426,336	—	34,555	—	460,891
- United States (14%)	425,157	—	34,555	—	459,712
Developing Asia and Pacific	666	2,860,315	—	—	2,860,981
- South Korea (86%)	—	2,860,315	—	—	2,860,315
Total	427,002	2,860,315	34,555	—	3,321,872

US\$'000					
As at 31st Dec 2022	Banks	Official Sector	Non Bank Private Sector		Total
			Non-bank Financial institutions	Non-financial private sector	
Developed Countries	398,130	—	34,641	—	432,771
- United States (12%)	420,358	—	—	—	420,358
Developing Asia and Pacific	699	2,880,876	—	50,144	2,931,719
- South Korea (85%)	—	2,880,876	—	—	2,880,876
Total	398,829	2,880,876	34,641	50,144	3,364,490

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognized, if the claims against counterparties are guaranteed by another party in a different country or if the claims are on an overseas branch of a bank whose head office is located in a different country.

A country or geographical segment (including Hong Kong) should generally be reported individually if it constitutes 10% or more of the aggregated international claims.

11. Loans and Advance to Customers and Overdue and Rescheduled Assets

At 30 Jun 2023, the Company did not have any loans and advance to customers and overdue and rescheduled assets.

12. Repossessed Assets

At 30 Jun 2023, the Company did not have any repossessed assets.

13. Mainland Activities

At 30 Jun 2023, the Company did not have any exposures on Mainland activities.

14. Currency Risk

The net positions in foreign currencies in US dollars equivalent are disclosed below where each currency constitutes 10% or more of the respective total net position in all foreign currencies.

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US\$'000	USD	CNY	EUR	PHP	KRW	OTH	Total
As at Jun 2023							
Spot assets	459,477	1,081	230	10	2,860,852	—	3,321,650
Spot liabilities	(3,322,809)	—	(469)	—	—	(1)	(3,323,279)
Forward purchases	3,046,399	—	—	—	—	—	3,046,399
Forward sales	(46,000)	—	—	—	(3,110,608)	—	(3,156,608)
Net long/(short) position	137,067	1,081	(239)	10	(249,756)	(1)	(111,838)
As at Dec 2022							
Spot assets	431,193	51,280	491	10	2,881,507	(1)	3,364,480
Spot liabilities	(3,365,155)	—	(723)	—	—	(1)	(3,365,879)
Forward purchases	2,964,585	—	—	—	—	—	2,964,585
Forward sales	(51,863)	(51,176)	—	—	(3,174,996)	—	(3,278,035)
Net long/(short) position	(21,240)	104	(232)	10	(293,489)	(2)	(314,849)

As at 30 Jun 2023, the Company did not have any net structural position.

15. Authorized Institution under Requirements of G-SIBs

BASAL is not an authorized institution under requirements of G-SIB.

16. Statement of Compliance

Upon consultation with the HKMA under section 16(2)(a) of the Banking (Disclosure) Rules (“BDR”), BASAL had sought consent from the HKMA to continue uploading the required financial disclosure information to the website of its ultimate parent entity, Bank of America Corporation.

It is not practicable for BASAL to disclose under section 16(FE)(1)(b) of the BDR the full terms and conditions of all of its relevant regulatory capital instruments on its internet website, since BASAL does not currently maintain its own internet website. This is the reason that led BASAL to seek the aforementioned consent from HKMA.

Herein included below is the direct link to Bank of America Corporation’s internet website, whereby the full terms and conditions of all of BASAL’s relevant regulatory capital instruments and financial disclosure information can be accessed:

<https://investor.bankofamerica.com/regulatory-and-other-filings/subsidiary-and-country-disclosures>

This information is also the closest available alternative to the information which have been the subject of the required disclosures.