

Bank of America, N.A. (India Branches)

# Basel III Pillar 3 Disclosures

As at September 30, 2022

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Contents

1. Scope of application and capital adequacy
2. Risk exposure and assessment
3. Composition of Capital disclosure

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-1: Scope of Application

Name of the entity to which the framework applies: **Bank of America N.A. (India branches)**

The Basel III Pillar 3 disclosures contained herein relate to Bank of America, N.A. – India Branches (hereafter referred to as the “the Bank” or “BANA India”) for the period ended Sep 30, 2022. Bank of America Corporation (“BAC” or “the Company”) has a subsidiary, Bank of America, N.A. (“BANA U.S.”) into which BANA India is consolidated. The Pillar 3 disclosures are compliant with Reserve Bank of India (the “RBI”) Master circular DBOD. No. BP.BC. 1/21.06.201/2015-16 dated July 1, 2015 on BASEL III Capital Regulations along with Master circular DBOD. No. BP.BC. 5/21.06.001/2014-15 dated July 1, 2014 on Prudential Guidelines on Capital Adequacy and Market Discipline – New Capital Adequacy Framework as amended from time to time. The minimum capital requirement (including G SIB buffer) stands at 14.0% as of Sep 30, 2022

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### I. Qualitative disclosures:

The provisions of Accounting Standard ("AS") 21 - Consolidated Financial statements, AS 23 Accounting for Investments in Associates in Consolidated Financial statements & AS 27 - Financial Reporting of Interest in Joint Ventures, issued by The Institute of Chartered Accountants of India ("ICAI") and notified by the Companies (Accounting Standards) Rules 2006 do not apply to the Bank. BANA India has not invested its capital in any of the entities operating in India and owned by BAC. Further, the Bank does not have any interest in insurance entities. Hence the qualitative disclosures are only made for BANA India as a standalone entity.

#### a. List of group entities considered for consolidation

| Name of the entity / Country of incorporation | Whether the entity is included under accounting scope of consolidation<br>(yes / no) | Explain the method of consolidation | Whether the entity is included under regulatory scope of consolidation<br>(yes / no) | Explain the method of consolidation | Explain the reasons for difference in the method of consolidation | Explain the reasons if consolidated under only one of the scopes of consolidation |
|-----------------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|--------------------------------------------------------------------------------------|-------------------------------------|-------------------------------------------------------------------|-----------------------------------------------------------------------------------|
| Not Applicable                                |                                                                                      |                                     |                                                                                      |                                     |                                                                   |                                                                                   |

#### b. List of group entities not considered for consolidation both under the accounting and regulatory scope of consolidation

| Name of the entity / Country of incorporation                                | Principle activity of the entity             | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) INR Million* | % of bank's holding in the total equity | Regulatory treatment of bank's investments in the capital instruments of the entity | Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) INR Million* |
|------------------------------------------------------------------------------|----------------------------------------------|---------------------------------------------------------------------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| BofA Securities India Limited (formerly DSP Merrill Lynch Limited) / India * | Securities Broker/Dealer and Merchant Banker | 32,496                                                                                                  | NIL                                     | Not Applicable                                                                      | 52,559                                                                                                  |

\* Amounts are as per last audited financial statements (F.Y. ending March 31, 2022)

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### II. Quantitative disclosures

#### c. List of group entities considered for consolidation

| Name of the entity / country of incorporation (as indicated in (i)a. above) | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | Total balance sheet assets (as stated in the accounting balance sheet of the legal entity) |
|-----------------------------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| Not Applicable                                                              |                                  |                                                                                            |                                                                                            |

#### d. The aggregate amount of capital deficiencies in all subsidiaries which are not included in the regulatory scope of consolidation i.e. that are deducted:

| Name of the subsidiaries / country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | % of bank's holding in the total equity | Capital deficiencies |
|-----------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------|-----------------------------------------|----------------------|
| Not Applicable                                      |                                  |                                                                                            |                                         |                      |

#### e. The aggregate amounts (e.g. current book value) of the bank's total interests in insurance entities, which are risk-weighted:

| Name of the insurance entities / country of incorporation | Principle activity of the entity | Total balance sheet equity (as stated in the accounting balance sheet of the legal entity) | % of bank's holding in the total equity / proportion of voting power | Quantitative impact on regulatory capital of using risk weighting method versus using the full deduction method |
|-----------------------------------------------------------|----------------------------------|--------------------------------------------------------------------------------------------|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Not Applicable                                            |                                  |                                                                                            |                                                                      |                                                                                                                 |

#### f. Any restrictions or impediments on transfer of funds or regulatory capital within the banking group:

Disclosures for BANA India are given as a standalone entity and therefore this disclosure requirement is not applicable.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-2: Capital Adequacy

#### I. Qualitative disclosures

The Bank is required to comply with all applicable laws and regulations in India including guidelines issued by RBI and other relevant regulatory bodies.

The Internal Capital Adequacy Assessment Process ("ICAAP") document assesses the capital adequacy for the Bank and details the process by which this assessment is made based on a reference date and looking forward, over a three-year planning horizon ("ICAAP Planning Horizon").

ICAAP establishes a framework for banks to perform a comprehensive assessment of the risks they face and relate capital to those risks. The capital analysis performed by the Bank is expected to encompass all risks, not just the risks captured by the Basel III Pillar 1 minimum regulatory capital calculation. Successful risk identification and measurement requires having a comprehensive process to quantify measure and aggregate these various risks in order to ensure that the Bank's capital resources are sufficient to cushion volatility in earnings due to unexpected losses.

The authority to develop the ICAAP document is delegated to the Finance department. The Bank's Chief Financial Officer ("CFO") is responsible for the production of ICAAP with inputs from Front Line Units ("Businesses" or "Business"), Independent Risk Management and Control Functions. Enterprise-wide functions, including Global Markets and Financial Risk ("GMFR") and Enterprise Capital Management ("ECM") also review the ICAAP to ensure adequate challenge and consistency with Enterprise practices.

The Bank has established an Internal Capital Guideline ("IGL") and maintains capital levels in excess of this guideline. Bank has set up a "Tripwire" above the IGL to serve as an early warning signal to prompt action and avoid a capital breach.

The ICAAP document is presented to the Asset Liability Committee ("ALCO") and the Local Management Team ("LMT") for final review and approval on an annual basis. The ICAAP is also validated by Corporate Audit periodically, as required under RBI guidelines.

ICAAP is an integral management tool for determining the adequacy of the Bank's capital resources throughout the ICAAP planning horizon. It is also utilized to assess the risks being faced by the Bank and assess the adequacy of BANA India's capital under Baseline as well as Stress Scenarios over the ICAAP Planning Horizon. The ALCO and the LMT are responsible for acting at an early stage to prevent capital from falling below the minimum levels required to support risk characteristics.

#### Capital Requirements for Pillar 1 risks (i.e. Credit Risk, Market Risk and Operational Risk)

The Bank has adopted Standardized Approach ("SA") for credit risk, Standardized Duration Approach ("SDA") for market risk and Basic Indicator Approach ("BIA") for operational risk for computing its capital requirement.

Under the SA for credit risk, the Bank relies upon the ratings issued by the external credit rating agencies specified by the RBI for assigning risk weights for capital adequacy purposes under the Basel III guidelines. The risk weights applicable for claims against banks, sovereign, corporate and other Assets are as per the Basel III guidelines. In compiling the credit exposures, the Bank has availed Credit Risk Mitigation techniques (CRM) to the extent of securities placed under section 11(2) (b) of Banking Regulation Act 1949 for offsetting gross exposure of BANA Head office and overseas branches as per RBI Circular on Large Exposures Framework – CRM for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head office dated Sept 9, 2021

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

Under the SDA for computing the capital requirement for market risk, the Bank has adopted the "duration" method. The minimum capital requirement for market risk is computed in terms of:

- "Specific risk" charge for each security, to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer.
- "General market risk" charge towards interest rate risk in the portfolio, where long and short positions in different securities or instruments can be offset.

Under the BIA, the Bank holds capital for operational risk equal to 15% of average positive gross annual income for the previous three financial years.

## II. Quantitative disclosures

### Capital Structure as on

| INR Million                | 30-Sep-22      | 31-Mar-22      |
|----------------------------|----------------|----------------|
| Common Equity Tier 1       | 116,781        | 116,767        |
| Additional Tier 1          | -              | -              |
| Tier 2                     | 6,579          | 6,294          |
| <b>Total Capital Funds</b> | <b>123,360</b> | <b>123,061</b> |

### Capital requirement and CRAR

| INR Million                                                                  | 30-Sep-22     | 31-Mar-22     |
|------------------------------------------------------------------------------|---------------|---------------|
| <b>Capital requirements for credit risk:</b>                                 |               |               |
| - Portfolios subject to standardized approach                                | 73,634        | 65,563        |
| - Securitization exposures                                                   | -             | -             |
| <b>Capital requirements for market risk:</b>                                 |               |               |
| Interest rate risk                                                           |               |               |
| - General market risk                                                        | 16,509        | 12,877        |
| - Specific risk                                                              | -             | -             |
| Equity risk                                                                  |               |               |
| - General market risk                                                        | -             | -             |
| - Specific risk                                                              | -             | -             |
| Foreign exchange risk (including gold)                                       | 1,754         | 1,754         |
| <b>Capital requirements for operational risk:</b> (Basic indicator approach) | 7,612         | 7,612         |
| <b>Total Capital Requirements</b>                                            | <b>99,509</b> | <b>87,806</b> |
| Common Equity Tier I capital ratio                                           | 16.43%        | 18.62%        |
| Tier I capital ratio                                                         | 16.43%        | 18.62%        |
| Tier II capital ratio                                                        | 0.93%         | 1.00%         |
| <b>Total capital ratio</b>                                                   | <b>17.36%</b> | <b>19.62%</b> |

Note: The capital reflected above excludes capital infused for CRM purposes.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Risk Exposure and Assessment

Risk management is a disciplined approach to identify, analyse, assess and control unacceptable risk to minimize the volatility of financial results, drive sustainable earnings and protect the Bank's brand and reputation. The Bank takes a comprehensive approach to risk management, integrating it with strategic, capital and financial operating plans. Risk management and capital utilization are integral parts of the strategic planning process and are considered throughout the process to align the Business strategies with capital considerations. This holistic approach promotes the risk versus reward analysis needed to make informed strategic and business decisions.

Bank of America's Risk Framework requires that strong risk management practices are integrated in key strategic, capital and financial planning processes and in day-to-day business processes, thereby ensuring risks are appropriately considered, evaluated and responded to in a timely manner. The front line units have primary responsibility for managing risks inherent in their businesses. BAC employs an effective risk management process, referred to as Identify, Measure, Monitor and Control (IMMC), as part of its daily activities.

Some of the risks that the Bank is exposed to are described below:

- Credit risk is the risk of loss arising from the inability or failure of a borrower or counterparty to meet its obligations. BANA India 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 borrowers or counterparties. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes
- Market risk is the risk of loss due to changes in the market values of the Bank's assets and liabilities caused by changing interest rates, currency exchange rates, and security prices. Market risk is inherent in the Bank's operations and arises from both trading and non-trading positions. Trading exposures represent positions taken in a wide range of financial instruments and markets which expose the Bank to various risks, such as interest rate risk, foreign exchange risk, etc. The Bank manages these risks by using trading strategies and other hedging actions which encompass a variety of financial instruments in both the cash and derivatives markets. Key market risk exposures are assessed at both specific and aggregate levels. At the specific level, market risk sensitivities are assessed by evaluating the impact of individual risk factors such as interest rates and foreign exchange. At the aggregate level, market risk is assessed using two key measures, which are Value-at-Risk ("VaR") and 10 Day Stressed Value at Risk ("SVaR")
- Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events. BANA India manages the operational risks of its business activities using the enterprise-wide Operational Risk Framework. Enterprise Operational Risk policies, processes, tools, and standards are implemented by the Businesses/ECFs with Oversight from the Independent Business/ECF Risk Teams (Regional Function). Each have a quality assurance role and through direct action or Oversight, these stakeholders are collectively responsible for execution of the Operational Risk Program requirements, achievement of risk management objectives, and ensuring timely action is taken in response to concerns and issues.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

- Strategic risk is the risk resulting 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 we operate (such as competitor actions, changing customer preferences, product obsolescence and technology developments).
- Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers under a range of economic conditions. The primary objective of liquidity risk management is to ensure that BANA India can meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers with the appropriate funding sources, under a range of economic conditions.
- Reputational risk is the risk that negative perceptions regarding BANA India's conduct or business practices may adversely impact its profitability or operations. Reputational risk may result from many of the bank's activities, including those related to the management of strategic, operational, compliance and credit risks. As a result, the potential impact to the bank's reputation of all our activities and all risks we face is evaluated. Reputational risk may arise from negative perception on the part of key stakeholders (e.g., customers, counterparties, investors, regulators, rating agencies), scrutiny from external parties (e.g., politicians, consumer groups, media organizations) and the ongoing threat of litigation. These reputational risk events could adversely impact the bank's financial standing through an inability to maintain or establish business relationships.
- Compliance risk is the risk of legal or regulatory sanctions, material financial loss or damage to the reputation of the Bank arising from the failure of the Bank to comply with the requirements of applicable laws, rules, regulations, related self-regulatory organizations' standards and codes of conduct. Bank of America is committed to complying with applicable laws, rules and regulations governing the processes and activities of our front line units and control functions in the jurisdictions in which we operate. Bank of America has no appetite for accepting compliance risk.
- Interest Rate Risk in Banking Book (IRRBB) refers to the potential adverse financial impact on the Bank's net interest income from changes in interest rates. Due to the fundamental nature of its business, the Bank carries various interest sensitive assets and liabilities in its balance sheet. This exposes the Bank to risk on from changes in interest rates. These assets and liabilities essentially reside in the banking book. In other words, IRRBB refers to the risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank. Interest rate risk in the trading book is covered in the market risk section.
- Credit concentration risk arises due to imperfect diversification of credit exposures in two ways. One, by having very large exposures to a small set of obligors due to which, default by a big customer could result in a huge loss. This is known as name (single/group) concentration risk. Second type of concentration is due to excessive exposure to a particular industry sector. It is observed that defaults in a particular industry sector are generally correlated. Hence, if an industry is under a severe recession, it could result in multiple defaults leading to huge losses.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

- Other Risks
  - **Securitization Risk**  
The Bank, as of Sep 30, 2022, does not have any such investments. The bank has also not securitized any of its assets.
  - **Settlement Risk** arises out of exposures on counterparties during the settlement of a deal when the Bank has performed its obligation in the contract and the counterparty is yet to perform its part (either delivery or payment). It is of transient nature; and may arise from counterparty default, operational problems, market liquidity constraints and other factors.
  - **Pension obligation risk** is the risk of a shortfall of pension funds available in the future to meet pension obligations for its eligible employees. The Bank provides for its pension liability which is a defined contribution scheme, for all its eligible employees.
  - **Model Risk** is the potential for adverse consequences from decisions based on incorrect or misused model output and reports. The Enterprise Model Risk Policy ("EMRP") provides comprehensive guidance for understanding monitoring, and managing model risk at Bank of America. The EMRP is consistent with applicable rules and regulations, and establishes a framework of corporate responsibilities and standards for effectively managing model risk across the enterprise.
  - **Risk of Under-estimation of Credit Risk under the Standardized Approach**  
The use of standardized approach for calculating the Pillar 1 capital requirement in respect of credit risk is a conservative approach given the portfolio primarily consists of corporate customers with strong credit profiles and the credit risk in the portfolio is well managed by the credit risk management processes in place.

### Risk Governance

BANA India has the following senior management level local committees or groups for risk governance.

#### Local Management Team ("LMT")

The LMT is chaired by the Country Executive Officer of the Bank. It is the primary body which provides strategic direction to the Bank and ensures compliance with regulatory requirements and the internal policies of the Bank. It is responsible for branch governance and oversight of branch operations. It is also responsible for reviewing and approving new business and products. It reviews the country performance with respect to strategic objectives. The LMT holds meetings six times in a financial year or more frequently if required. The LMT reviews and approves the ICAAP on an annual basis or upon any revision in the interim.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### **Asset Liability Committee ("ALCO")**

The ALCO is chaired by the Country Executive Officer of the Bank. . It provides management oversight of the branch's balance sheet, capital, liquidity management and stress testing activities, consistent with the Bank's overall risk appetite for balance sheet, capital, liquidity management and stress testing. It also provides review and, as appropriate, approval of the branch-specific policies, processes and contingency funding plans, as requested by the Committee or required by regulation. The ALCO holds meetings four times in a financial year or more frequently if required. The ALCO reviews and approves the ICAAP on an annual basis or upon any revision in the interim.

### **Risk Management Committee ("RMC")**

RMC is independently chaired by the Chief Risk Officer. RMC serves as an oversight body to provide strategic direction for a progressive risk management system and policies & strategy to be followed to mitigate the risks associated with the business. RMC comprises senior management of the Bank and representatives from front line units and relevant control & support functions. RMC meets at least on a quarterly basis.

### **Customer Service Committee ("CSC")**

Customer Service Committee ('CSC') is responsible for activities relating to customer service and client services issues. CSC meets four times in a year. The committee is chaired by Head - Banking Operations.

### **Audit Council**

The Audit Council assists LMT in exercising oversight of the effectiveness of the Bank's system of internal controls and policies and procedures for managing and accessing risk, integrity of the financial statements of the Bank, and compliance by the Bank with legal and regulatory requirements. The Council also provides direct oversight over the audit function. The Audit Council meets at least four times in a year.

The Audit council is mainly responsible for:

- Providing direction and overseeing the operation of the audit function in the Bank,
- to determine scope of concurrent audit
- Following up on issues raised in LFAR and discussing the financial statements
- Follow up on all the issues/concerns raised in the inspection reports of RBI
- 

### **Technology Steering Committee ("TSC")**

The TSC is chaired by the Chief Information Officer ("CIO"). The Technology Steering Committee (TSC) oversees projects in partnership with the Regional / Global Technology and other Functional teams across the Bank including common infrastructure or other projects cutting across businesses or support groups. The TSC conducts meetings at least once every quarter or more frequently if required.

The TSC is mainly responsible for:

- To assist the Executive Management in implementing Information technology ("IT") Strategy that has been approved by the by global/regional and local management forums,
- Setting project priorities, assessing strategic fit for Information Technology ('IT') proposals and reviewing critical project status and milestones,
- Monitoring IT Governance, project risk, technology operational risks and control processes
- Providing regular updates to the India LMT on significant Technology matter

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Returns Governance Group ("RGG")

Returns Governance Group (RGG) was formed based on guidance by RBI in 'Approach Paper on Automated Data Flow from Banks' and guidance on Supervisory Program for Assessment of Risk and Capital (SPARC). RGG is the governance body responsible for providing oversight to all regulatory submissions, including Risk Based Supervision. RGG, as required by RBI comprise of representatives from Compliance, Business, Technology, etc. and perform the following roles.

- Act as Vigilante and Custodian and review the final submissions under RBS prior to submission to RBI
- Ensure timely and consistent submission of returns to RBI.
- Ensuring that the metadata is as per the Reserve Bank definitions and be an escalation point for any issues or errors relating to the regulatory reports / returns submitted to RBI.
- Prioritizing various returns and change request for any new/changed requirement/s by Reserve Bank and handling ad-hoc queries relating to RBS and CIMS.

## Table DF-3: Credit Risk: General Disclosures

### I. Qualitative disclosures

Robust risk management policies and procedures are laid out in the Global Banking and Markets Core policy. It is supplemented by the Credit Compliance Manual. Written policies, procedures, standards, and guidelines are updated on a regular basis to provide a clear direction to officers for meeting the requirements for which they are accountable. Approval authority is vested via an Approval Grid which takes into account the quantum, internal risk rating and nature of exposure and the position/experience of the approver.

BANA India 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 borrowers or counterparties. Underwriting, credit management and credit risk limits are proactively reassessed as a borrower's or counterparty's risk profile changes. . As part of the overall credit risk assessment of a borrower or counterparty, credit exposures are assigned a risk rating and are subject to approval based on defined credit approval standards. High Value Proposals are subject to approvals by Credit Approval Council ("CAC"). Subsequent to loan origination, risk ratings are monitored on an ongoing basis. If necessary, risk ratings are adjusted to reflect changes in the financial condition and cash flow of a borrower or counterparty.

BANA India follows the policy of internal rating on a scale of Risk Rating ("RR") 1-11, and the RR is regularly monitored. Exposures with RR of 8 or worse (criticized assets) are subject to additional scrutiny and monitoring.

Unhedged Foreign Currency Exposure ("UFCE") of the borrower is an area of risk for the individual entity as well as for the entire financial system; as entities who do not hedge their exposure may incur significant losses due to exchange rate movements, which in turn can reduce their capability to service the loans taken from the banks. In line with the RBI circular dated January 15, 2014, BANA India has put in place a process to ascertain the amount of UFCE, estimate the extent of likely loss and riskiness due to UFCE, and provide for incremental capital & make incremental provision, as warranted.

In order to address concentration risk in banking industry the RBI has issued 'Guidelines of Enhancing Credit Supply' requiring banks to create additional provision and also apply additional risk weights on specified borrowers

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

effective April 01, 2018. BANA India has put in place a process to ensure compliance with requirements of the said guidelines/directions.

### **RBI Regulations on Bilateral Netting**

RBI has issued a circular on March 30, 2021 allowing usage of bilateral netting of Qualified Financial Contracts (QFC) to mitigate risk subject to there being an effective bilateral netting agreement in place as specified in Annex 20 (Part B) of the Basel III Capital Regulations. This was issued on the back of the 'The Bilateral Netting of Qualified Financial Contracts Act, 2020 which provides a legal framework for enforceability of bilateral netting of such contracts. The bilateral netting has been applied for clients to the extent eligible under extant Basel III Capital Regulations.

### **RBI guidelines with respect to Large Exposures Framework – Credit Risk Mitigation (CRM) for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head Office**

Large Exposures Framework (LEF) – limits on non-centrally cleared derivatives exposures were made effective Oct 1, 2021 whereby foreign exchange/derivative exposures would be included in the LEF exposures for all counterparties.

Further RBI vide its circular dated Sept 9, 2021 has permitted Indian branches of foreign banks to offset cash/unencumbered approved securities placed under section 11(2)(b)(i) against such derivative exposures of BANA HO /overseas branches subject to conditions as prescribed in the circular being met .

The source of such cash/securities has to be either interest free funds from Head office or remittable surplus in the books. The benefit can be claimed only against FX/Derivative exposures and amount so held cannot be counted for other statutory / regulatory requirements. The same has been factored in calculation of LEF exposures against the limit as well as in the capital calculation.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Definitions

- **Overdue:** Any amount due to Bank under any credit facility is 'overdue' if it is not paid by the due date.

### Norms for determining when to classify various types of assets as non-performing

- Term loans are treated as non-performing if the interest and/or installments of principal remain overdue for a period of more than 90 days.
- Cash credits & overdrafts are treated as non-performing if the accounts remain out of order for a period of more than 90 days.
- An account will be treated "out of order" if the outstanding balance remains continuously in excess of the sanctioned limit/drawing power for 90 days. In case where the outstanding balance is less than the sanctioned limit/drawing power, but there are no credits continuously for previous 90 days period or credits are not enough to cover the interest debited during the same period, these accounts will be treated as out of order.
- Bills purchased/discounted are treated as non-performing if the bill remains overdue and unpaid for a period of more than 90 days.
- Any overdue receivables representing positive mark-to-market value of a foreign exchange and interest rate derivative contracts will be treated as non-performing asset if these remain unpaid for 90 days or more, upon becoming due
- Any other facility will be treated as non-performing if any amount to be received remains overdue for a period of more than 90 days during the financial year

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

**II. Quantitative disclosures****a. Total Gross credit exposures**

| <i>INR Million</i>          | 30-Sep-22 | 31-Mar-22 |
|-----------------------------|-----------|-----------|
| Fund Based                  | 428,813   | 463,851   |
| Non-Fund Based <sup>1</sup> | 238,797   | 177,708   |

**b. Geographic distribution**

| <i>INR Million</i>          | 30-Sep-22 |                       | 31-Mar-22 |                       |
|-----------------------------|-----------|-----------------------|-----------|-----------------------|
|                             | Domestic  | Overseas <sup>2</sup> | Domestic  | Overseas <sup>2</sup> |
| Fund Based                  | 428,813   | -                     | 463,851   | -                     |
| Non-Fund Based <sup>1</sup> | 238,797   | -                     | 177,708   | -                     |

<sup>1</sup>Includes market as well as non-market related exposures

<sup>2</sup> As per the clarification given in the guidelines for Pillar 3 disclosures, definition of Overseas and Domestic should be as adopted for segment reporting in compliance with Accounting Standard- 17 issued by ICAI. As the Bank does not have any overseas operations, all exposures are reported under domestic exposures.

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

## c. Distribution of Exposures by sector / industry

INR million

| Sr.no      | Particulars                                           | 30-Sep-22       |                      | 31-Mar-22       |                      |
|------------|-------------------------------------------------------|-----------------|----------------------|-----------------|----------------------|
|            |                                                       | Funded Exposure | Non Funded Exposure* | Funded Exposure | Non Funded Exposure* |
| <b>I</b>   | <b>Agriculture &amp; Allied Activities</b>            |                 |                      |                 |                      |
|            | Agri - Direct                                         | -               | -                    | -               | -                    |
|            | Agri - Indirect                                       | -               | 134                  | -               | 20                   |
|            | <b>I. Total</b>                                       | -               | <b>134</b>           | -               | <b>20</b>            |
| <b>II</b>  | <b>Industry (Micro &amp; Small, Medium and Large)</b> |                 |                      |                 |                      |
| 1          | Construction                                          | 5,248           | 1,588                | 5,360           | 1,609                |
| 2          | Gems & Jewellery                                      | -               | -                    | -               | -                    |
| 3          | Cement & Cement products                              | -               | -                    | -               | -                    |
| 4          | Infrastructure                                        | 31,613          | 2,260                | 21,476          | 2,414                |
| 5          | Textiles                                              | -               | 493                  | -               | 493                  |
| 6          | Basic metal and metal products                        | 4,476           | 1,299                | 1,922           | 1,245                |
| 7          | Mining and Quarrying                                  | -               | 0                    | 65              | 0                    |
| 8          | All Engineering                                       | 18,966          | 13,837               | 18,082          | 12,050               |
| 9          | Chemicals and chemical products                       | 40,334          | 2,674                | 41,779          | 2,474                |
| 10         | Petroleum, coal products and nuclear fuels            | 16,542          | 11,359               | 12,191          | 8,675                |
| 11         | Vehicles, vehicle parts and transport equipments      | 20,545          | 3,114                | 21,753          | 3,353                |
| 12         | Beverage & Tobacco                                    | 6,167           | 592                  | 6,237           | 657                  |
| 13         | Food Processing                                       | 6,206           | 283                  | 6,331           | 301                  |
| 14         | Other Industries                                      | 5,174           | 213                  | 5,376           | 203                  |
| 15         | Paper & paper products                                | 181             | 115                  | 693             | 88                   |
| 16         | Rubber, plastic & their products                      | 420             | 137                  | 1,819           | 17                   |
| 17         | Leather & leather products                            | -               | -                    | -               | -                    |
| 18         | Wood and Wood products                                | -               | -                    | -               | -                    |
| 19         | Glass and glassware                                   | -               | -                    | -               | -                    |
|            | <b>II. Total</b>                                      | <b>155,871</b>  | <b>37,964</b>        | <b>143,084</b>  | <b>33,579</b>        |
| <b>III</b> | <b>Services</b>                                       |                 |                      |                 |                      |
| 1          | Aviation                                              | -               | 566                  | -               | 544                  |
| 2          | Shipping                                              | -               | -                    | -               | -                    |
| 3          | Commercial Real Estate                                | -               | -                    | -               | -                    |
| 4          | Banks                                                 | 18,270          | 137,104              | 8,905           | 104,248              |
| 5          | Non-banking financial companies (NBFCs)               | 25,748          | 6,966                | 32,758          | 6,774                |
| 6          | Computer Software                                     | 17,663          | 17,128               | 21,276          | 14,096               |
| 7          | Trade                                                 | 12,044          | 8,375                | 27,970          | 1,959                |
| 8          | Other Services                                        | 191,114         | 27,165               | 225,884         | 14,025               |
| 9          | Professional & Other Services                         | 2,301           | 2,322                | 2,393           | 2,051                |
| 10         | Transport Operators                                   | 5,795           | 991                  | 1,578           | 371                  |
| 11         | Tourism & Hotels & Restaurants                        | 5               | 82                   | 3               | 40                   |
|            | <b>III. Total</b>                                     | <b>272,942</b>  | <b>200,699</b>       | <b>320,767</b>  | <b>144,108</b>       |
|            | <b>Grand Total</b>                                    | <b>428,813</b>  | <b>238,797</b>       | <b>463,851</b>  | <b>177,708</b>       |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

\* Includes market as well as non-market related exposures

Note: The numbers for Sep 22 quarter are reflected on net basis after considering the impact of bilateral netting

## d. Residual contractual maturity pattern for assets.

As of Sep 30, 2022

| Particulars        | Cash      | Advances       | Balance with RBI | Balances with other Banks / FI | Fixed Assets | Investments    | INR Million    |
|--------------------|-----------|----------------|------------------|--------------------------------|--------------|----------------|----------------|
|                    |           |                |                  |                                |              |                | Other Assets   |
| Next Day           | 36        | 873            | -                | 1,660                          | -            | 93,157         | 16,868         |
| 2 - 7 days         | -         | 14,169         | -                | 135,063                        | -            | 8,148          | 50             |
| 8-14 days          | -         | 11,576         | -                | -                              | -            | -              | 18             |
| 15-30 days         | -         | 12,901         | 6,632            | -                              | -            | 24,062         | -              |
| 31 days to 2 month | -         | 32,423         | 1,124            | -                              | -            | 10,157         | -              |
| 2-3 months         | -         | 21,756         | 1,053            | -                              | -            | 3,820          | 161,480        |
| 3-6 months         | -         | 43,395         | 720              | -                              | -            | 35,942         | 2,347          |
| 6 months to 1 year | -         | 30,522         | 680              | -                              | -            | 5,488          | -              |
| 1-3 years          | -         | 32,307         | 9,852            | -                              | -            | 37,741         | -              |
| 3-5 years          | -         | 8,907          | 2                | -                              | -            | 16,078         | -              |
| 5-7 years          | -         | -              | 1                | -                              | -            | 4,809          | -              |
| 7-10 years         | -         | -              | -                | -                              | -            | -              | -              |
| 10-15 years        | -         | -              | -                | -                              | -            | 0              | -              |
| Over 15 years      | -         | -              | -                | -                              | 838          | -              | 5,153          |
| <b>TOTAL</b>       | <b>36</b> | <b>208,829</b> | <b>20,064</b>    | <b>136,723</b>                 | <b>838</b>   | <b>239,402</b> | <b>185,916</b> |

As of March 31, 2022

| Particulars        | Cash      | Advances       | Balance with RBI | Balances with other Banks / FI | Fixed Assets | Investments    | INR Million   |
|--------------------|-----------|----------------|------------------|--------------------------------|--------------|----------------|---------------|
|                    |           |                |                  |                                |              |                | Other Assets  |
| Next Day           | 40        | 6,348          | 406              | 127,984                        | -            | 43,098         | 6,256         |
| 2 - 7 days         | -         | 4,796          | -                | -                              | -            | 5,684          | 10            |
| 8-14 days          | -         | 21,507         | -                | -                              | -            | -              | 3             |
| 15-30 days         | -         | 30,521         | 4,650            | -                              | -            | 41,561         | -             |
| 31 days to 2 month | -         | 32,057         | 1,153            | -                              | -            | 16,035         | -             |
| 2-3 months         | -         | 32,935         | 748              | -                              | -            | 3,029          | 68,848        |
| 3-6 months         | -         | 40,270         | 986              | -                              | -            | 26,603         | 1,730         |
| 6 months to 1 year | -         | 17,001         | 485              | -                              | -            | 1,963          | -             |
| 1-3 years          | -         | 32,144         | 8,078            | -                              | -            | 32,705         | -             |
| 3-5 years          | -         | 1,504          | 1                | -                              | -            | 5,815          | -             |
| 5-7 years          | -         | 39             | 0                | -                              | -            | 936            | -             |
| 7-10 years         | -         | -              | 1                | -                              | -            | -              | -             |
| 10-15 years        | -         | -              | 0                | -                              | -            | 0              | -             |
| Over 15 years      | -         | -              | -                | -                              | 822          | -              | 4,576         |
| <b>TOTAL</b>       | <b>40</b> | <b>219,122</b> | <b>16,508</b>    | <b>127,984</b>                 | <b>822</b>   | <b>177,429</b> | <b>60,067</b> |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

*Note: Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation*

**e. Amount of NPAs (Gross) – INR 0.17 Million** (March 31, 2022 – Nil)

**f. Net NPAs –INR 0.13 Million** (March 31, 2022 – Nil)

### g. NPA Ratios

- Gross NPA to Gross Advances – **0.00008%** (March 31, 2022 – Nil)
- Net NPA to Net Advances –**0.00006%** (March 31, 2022 – Nil)

### h. Movement of NPAs (Gross)

| <i>INR Million</i>           | 30-Sep -22 | 31-Mar-22 |
|------------------------------|------------|-----------|
| Opening balance              | -          | -         |
| Additions during the year    | 5,346.13   | -         |
| Reductions during the period | 5,345.96   | -         |
| Closing balance              | 0.17       | -         |

### i. Movement of provision for NPAs

| <i>INR Million</i>              | 30-Sep -22 | 31-Mar-22 |
|---------------------------------|------------|-----------|
| Opening balance                 | -          | -         |
| Provisions made during the year | 1,336.53   | -         |
| Write-off                       | -          | -         |
| Write-back of excess provisions | 1,336.49   | -         |
| Closing balance                 | 0.04       | -         |

**j. Non-Performing Investments: Nil** (March 31, 2022 – Nil)

**k. Provisions for Non-Performing Investments – Nil** (March 31, 2022 – Nil)

### l. Movement of provision for Depreciation on Investments

| <i>INR Million</i>              | 30-Sep-22 | 31-Mar-22 |
|---------------------------------|-----------|-----------|
| Opening balance                 | 602       | 1,505     |
| Provisions made during the year | 1,112     | -         |
| Write-off                       | -         | -         |
| Write-back of excess provisions | -         | 903       |
| Closing balance                 | 1,714     | 602       |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-4 - Credit Risk: Disclosures for Portfolios Subject to the Standardised Approach

#### I. Qualitative disclosures

The Bank adopts the following basis for assignment of risk weights for different categories of counterparties:

##### a. Scheduled Banks including foreign bank branches in India:

The bank has applied risk weights on exposures to scheduled banks for the purpose of Pillar 1 calculation in line with Basel III regulations as prescribed by RBI.

##### b. Foreign Banks:

Ratings for foreign banks have been sourced from websites of Fitch, Moody's and Standard & Poor's. The bank has applied risk weights relevant to the ratings assigned by international credit rating agencies as prescribed by RBI. In case of unrated exposures, bank has applied risk weights as prescribed by RBI guidelines.

##### c. Corporates:

Where the obligors have obtained rating of the facility from any of the accredited credit rating agencies viz. Brickwork Ratings India Pvt. Limited, Credit Analysis & Research Limited (CARE), CRISIL Ratings Limited, ICRA Limited (ICRA), India Ratings and Research Private Limited (Fitch), SME Rating Agency of India Ltd. (SMERA) as specified by the RBI, the Bank has applied the risk weights relevant to the ratings assigned by the credit rating agencies. Unrated corporate exposures have been risk weighted as per extant RBI guidelines.

#### II. Quantitative disclosures

##### a. Total Gross credit exposures

| INR Million                | 30-Sep-22      | 31-Mar-22      |
|----------------------------|----------------|----------------|
| <b>Fund Based</b>          |                |                |
| Below 100% risk weight     | 307,369        | 320,608        |
| 100% risk weight           | 12,700         | 2,843          |
| More than 100% risk weight | 108,744        | 140,400        |
| Deducted                   | -              | -              |
| <b>Total</b>               | <b>428,813</b> | <b>463,851</b> |

| INR Million                        | 30-Sep-22*     | 31-Mar-22      |
|------------------------------------|----------------|----------------|
| <b>Non-Fund Based <sup>5</sup></b> |                |                |
| Below 100% risk weight             | 143,280        | 113,608        |
| 100% risk weight                   | -              | 474            |
| More than 100% risk weight         | 95,517         | 63,626         |
| Deducted                           | -              | -              |
| <b>Total</b>                       | <b>238,797</b> | <b>177,708</b> |

<sup>5</sup>Includes market as well as non-market related exposures.

\* The numbers are reflected on net basis after considering the impact of bilateral netting

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-5: Credit Risk Mitigation: Disclosures for Standardized Approaches

#### I. Qualitative disclosures

In determining credit risk capital, the Bank has not reduced the facility amounts by any corresponding eligible collateral amount in the form of cash margins.

The risk weighted assets are computed based on the gross outstanding facility amount.

#### II. Quantitative disclosures

In compiling the credit exposures, the Bank has availed Credit Risk Mitigation techniques (CRM) to the extent of securities placed under section 11(2) (b) of Banking Regulation Act 1949 for offsetting gross exposure of BANA Head office and overseas branches as per RBI Circular on Large Exposures Framework – CRM for offsetting – non-centrally cleared derivative transactions of foreign bank branches in India with their Head office dated Sept 9, 2021.

### Table DF-6: Securitization Exposures: Disclosure for Standardized Approach

#### I. Qualitative disclosures

There are no securitization transactions originated by the Bank.

#### II. Quantitative disclosures

##### A. Banking Book

Total amount of exposures securitized by the Bank: **Nil** (March 31, 2022: Nil)

Amount of assets intended to be securitized within a year: **Nil** (March 31, 2022: Nil)

Total amount of assets securitized and unrecognized gain or losses on sale: **Nil** (March 31, 2022: Nil)

#### Aggregate amount of on-balance sheet and off-balance sheet securitization exposures purchased and break-up by exposure type

| INR Million       | 30-Sep-22     |                 | 31-Mar-22     |                 |
|-------------------|---------------|-----------------|---------------|-----------------|
|                   | Exposure Type | Exposure Amount | Exposure Type | Exposure Amount |
| On Balance Sheet  | -             | -               | -             | -               |
| Off Balance Sheet | -             | -               | -             | -               |
| Total             | -             | -               | -             | -               |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

## Securitization exposures purchased and the associated capital charge by different risk weight bands

|                            | As at 30-Sep-22 |                      |                     | As at 31-Mar-2022 |                      |                     |
|----------------------------|-----------------|----------------------|---------------------|-------------------|----------------------|---------------------|
|                            | Exposure        | Risk Weighted Assets | Capital Requirement | Exposure          | Risk Weighted Assets | Capital Requirement |
| <i>INR Million</i>         |                 |                      |                     |                   |                      |                     |
| Below 100% risk weight     | -               | -                    | -                   | -                 | -                    | -                   |
| 100% risk weight           | -               | -                    | -                   | -                 | -                    | -                   |
| More than 100% risk weight | -               | -                    | -                   | -                 | -                    | -                   |
| <b>Total</b>               | -               | -                    | -                   | -                 | -                    | -                   |

Securitization Exposures deducted entirely from Tier 1 capital, credit enhancing Interest Only Strips (I/Os) deducted from total capital, and other exposures deducted from total capital: Nil (March 31, 2022: Nil)

**B. Trading book**

- Aggregate amount of exposures securitised by Bank for which bank has retained some exposures and which is subject to market risk approach: **Nil** (March 31, 2022: Nil)
- Aggregate amount of on-balance sheet securitisation exposures retained or purchased: **Nil** (March 31, 2022: Nil)
- Aggregate amount of off-balance sheet securitisation exposures: **Nil** (March 31, 2022: Nil)
- Aggregate amount of securitization exposures retained or purchased subject to Comprehensive Risk Measure for specific risk : **Nil** (March 31, 2022: Nil)
- Aggregate amount of securitization exposures retained or purchased subject to securitization framework for specific risk broken into different risk weight bands: **Nil** (March 31, 2022: Nil)
- Aggregate amount of capital requirements for the securitisation exposures subject to securitisation framework: **Nil** (March 31, 2022: Nil)
- Securitisation Exposures deducted entirely from Tier 1 capital, credit enhancing Interest Only Strips (I/Os) deducted from total capital, and other exposures deducted from total capital: **Nil** (March 31, 2022: Nil)

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-7: Market Risk in Trading Book

#### I. Qualitative disclosures

Market risk is the risk of loss due to changes in the market values of the Bank's assets and liabilities caused by changing interest rates, currency exchange rates, and security prices. Market risk is inherent in the Bank's operations and arises from both trading and non-trading positions. Trading exposures represent positions taken in a wide range of financial instruments and markets which expose the Bank to various risks, such as interest rate risk, foreign exchange risk, etc. The Bank manages these risks by using trading strategies and other hedging actions which encompass a variety of financial instruments in both the cash and derivatives markets.

Key market risk exposures are assessed at both specific and aggregate levels. At the specific level, market risk sensitivities are assessed by evaluating the impact of individual risk factors such as interest rates and foreign exchange. At the aggregate level, market risk is assessed using two key measures, which are Value-at-Risk ("VaR") and 10 Day Stressed Value at Risk ("SVaR").

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. The Branch uses historical simulation approach for VaR and it is calculated over a one-day holding period at a 99% confidence level, using three years of historical data. The performance of VaR model is monitored through daily back-testing and is performed at both Entity and Line of Business (LoB) level. SVaR is a form of stress test and it is calculated for the most volatile 1 year period of the historical period going back to 1/15/2007, averaging expected loss from 7 worst days of the volatile year. This metric uses a 10 day holding period.

VaR and SVaR are supplemented with stress tests, which are performed to assess extreme tail events or shocks. The stress tests are designed to highlight exposures to unlikely but plausible events or extremely volatile conditions, both hypothetically and historically.

#### Market Risk Management Architecture

The market risk function is independent of the front office and monitors all prudential limits governing trading activities and reports exceptions to senior management.

#### Market Risk Management Control

Market risk of the Branch is primarily managed through establishing and monitoring limits. Investment policy and FX/derivatives policy of the Branch (or BANA Mumbai) lists the applicable limits and approval processes.

Market Risk Management utilizes a suite of reports which assess risk on a daily basis. These reports are distributed to Senior Management on daily basis. Limit excesses, limit changes (temporary, or permanent) are communicated to Senior Management, as well as to relevant forum such as the LMT, Risk management Committee and the ALCO where applicable.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Market Risk Management Policies and Procedures:

The Market Risk Management is guided by market risk policies and guidelines. Global market risk management policy is in place and is followed. The policy describes how market risk is managed by establishing the key market risk measures, defining roles and responsibilities and describing key monitoring processes in place. In addition, the Investment policy and FX/derivatives policy of the Branch lists the applicable limits and approval processes.

The market risk capital requirement is expressed in terms of two separately calculated charges:

- General market risk charge from the interest rate risk in the portfolio in different securities or instruments.
- Specific risk charge for each security, which is designed to protect against an adverse movement in the price of an individual security owing to factors related to the individual issuer.

For regulatory capital, the requirements for general market risk are designed to capture the risk of loss arising from changes in market prices and interest rates. The capital charge is the sum of four components:

- the net short or long position in the whole trading book.
- a small proportion of the matched positions in each time-band - vertical disallowance.
- a larger proportion of the matched positions across different time bands - horizontal disallowance.
- a net charge for positions in options.

The general market risk charge is measured by using the modified duration method. Foreign exchange open positions are considered at higher of limit or actual.

### II. Quantitative disclosures

| <i>INR Million</i>               | 30-Sep-22     | 31-Mar-22     |
|----------------------------------|---------------|---------------|
| <b>Capital requirements for:</b> |               |               |
| Interest rate risk               |               |               |
| - general market risk            | 16,509        | 12,877        |
| - specific risk                  | -             | -             |
| Equity position risk             | -             | -             |
| - general market risk            | -             | -             |
| - specific risk                  | -             | -             |
| Foreign exchange risk            | 1,754         | 1,754         |
| <b>Total</b>                     | <b>18,263</b> | <b>14,631</b> |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-8: Operational Risk

Operational risk is the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events.

Operational Risk Events: inadequate or failed internal processes, people, systems and external events may result in unexpected or undesired consequences including a financial loss, an unexpected gain, a near miss and/or an opportunity cost (lost future revenue). The events associated with these unintended and/or undesired consequences are termed as operational risk events.

Operational Loss: an operational loss is the recorded financial consequence (excluding insurance reimbursements or tax effects) resulting from an operational loss event, including all expenses associated with an operational loss event except for opportunity costs, foregone revenue, and costs related to risk management and control enhancements implemented to prevent future operational losses. Operational loss events can also result in unintended financial gains. BAC classifies operational losses using the Basel II categories and definitions: Internal Fraud; External Fraud; Employment Practices and Workplace Safety; Clients, Products, and Business Practices; Damage to Physical Assets; Business Disruption and System Failures; and Execution, Delivery, and Process Management.

BANA India manages the operational risks of its business activities using the enterprise-wide Operational Risk Framework. Enterprise Operational Risk policies, processes, tools, and standards are implemented by the Businesses/ECFs with Oversight from the Independent Business/ECF Risk Teams (Regional Function). Each have a quality assurance role and through direct action or Oversight, these stakeholders are collectively responsible for execution of the Operational Risk Program requirements, achievement of risk management objectives, and ensuring timely action is taken in response to concerns and issues.

#### **Governance of Operational Risk**

Operational risk is managed by all employees as part of our day-to-day activities. Front line units and control functions own operational risk and are responsible for monitoring, assessing and testing the effectiveness of controls, while continuing to identify, escalate, debate and report operational risks. Front line units / control functions may have business Oversight or control teams that support business leaders in the implementation of the program.

The Operational Risk management function at Bank of America (BAC) is independent of front line unit / control function, and is responsible for designing the program and overseeing its implementation and execution in accordance with the Policy and its supporting Standards. Operational Risk Teams are also responsible for objectively assessing, challenging and advising the front line units / control functions on operational risk;

Governance of BANA India's operational risk is accomplished through formal Oversight by the BAC Board, the CRO and through LMT and risk Oversight groups aligned to the BAC's overall risk governance framework and practices.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Risk Management Process

BAC's Operational Risk Management Program has been built around ten interrelated requirements that are set out in the Operational Risk Management - Enterprise Policy, which also specifies the responsibilities and accountabilities of the first and second lines of defense. These requirements work together to drive a comprehensive risk-based approach for the proactive identification, management, mitigation and escalation of operational risks throughout the Company. These ten core requirements are:

1. Operational Risk Appetite.
2. Key Risk Indicators (KRIs)
3. Risk and Control Self-Assessment (RCSA)
4. Scenario Analysis
5. Internal Operational Loss Event Data (ILD)
6. External Operational Loss Event Data (ELD)
7. Quality Assurance (QA) Program
8. Operational Risk Coverage Plans
9. Operational Risk Reporting and Escalation
10. Operational Risk Capital Model Oversight

Certain elements of BAC's operational risk program may only be performed at global level and/or at regional level.

While BANA India has adopted 'Operational Risk Management - Enterprise Policy' which establishes and defines the requirements and accountabilities for managing operational risk at the Bank, the India Operational Risk Policy (IORP) was developed and approved at the LMT in Oct 2019 and is periodically reviewed. IORP is created as a supplement to the Enterprise Policy to bring out only those aspects of the extant regulations which are additionally applicable to the Bank's activities in India. The Enterprise Operational Risk Management Policy and the IORP will apply to all the branches of Bank of America, N.A., operating in India ("BANA, India" or "the Bank"). The Bank globally has merged Compliance and Operational Risk functions in order to drive operational excellence within Bank of America. Combining the two has resulted in better linkages between compliance failures and operational losses and enable us to better manage compliance and operational risks through combined taxonomies and tools, a common framework, holistic view on issues related to people, process, technology, and external events, whether they result from compliance failures or losses from specific operations. However, in light of the RBI guidelines on management of Operational Risk, while the integrated teams will continue to streamline and leverage on the common processes, the India Chief Risk Officer will continue to have oversight and supervisory responsibilities over the India Operational Risk function and as such the BANA India Operational Risk Officer will also continue to provide necessary updates directly to the Risk Management Committee of the Bank in India.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### **People risk assessment:**

Considering the business profile and activities of the bank, the risk that business objectives will not be met due to human resource deficiencies is considered low. The bank has a strong focus on talent acquisition and succession planning as also on ensuring effective backups, which mitigates the impact on business due to changes in key positions. The annualized turnover rate and the capacity utilization (# Open positions/Total headcount) indicates a good level of stability and very limited bandwidth constraints. The number of conduct risk violations have been low and there has not been any history of internal frauds within the bank. There is a thrust on training and development which also ensures staff awareness and understanding on key policies, laws and regulations related to information privacy and protection, anti-money laundering, the risk framework, emergency preparedness, among others. Although there have been a few operational losses and near miss events which can be attributed to People failures, the realized losses are very low and the number of incidents compared to the total volumes that are processed is insignificant.

### **Technology risk assessment:**

The bank is reliant on global systems that are time tested and robust and the risk that arises from systems and/or tools that are deficient, unstable and/or overly complex is low. The client interface is automated to a large extent and the processing capabilities and reporting functionalities are well established. The bank's loss history is not material and there haven't been too many significant events over the last 3 years that are attributable to system failures.

While there have been challenges in implementing certain local regulatory mandates that include Payment data localization, NPA automation, round the clock availability of NEFT/RTGS in a time bound manner, the bank has taken active measures to strive and achieve compliance with these requirements. The above risks are covered within the overall Risk Framework of the bank. Considering the above assessment, the capital reserved for operational risk as summarized below is more than sufficient to cover for people, process, and system failures.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-9: Interest Rate Risk in the Banking Book (IRRBB)

#### I. Qualitative disclosures

Interest Rate Risk in Banking Book (IRRBB) refers to the potential adverse financial impact on the Bank's net interest income from changes in interest rates. Due to the fundamental nature of its business, the bank carries various interest sensitive assets and liabilities in its balance sheet. This exposes the Bank to risk on from changes in interest rates. These assets and liabilities essentially reside in banking book. In other words, IRRBB refers to risk associated with interest rate sensitive instruments that are not held in the trading book of the Bank. Interest rate risk in the trading book is covered in the market risk section

Presently the Bank uses the following tools for managing interest rate risk:

**Gap analysis:** The interest rate gap or mismatch risk is measured by calculating gaps over different time intervals at a given date. This static analysis measures mismatches between rate sensitive liabilities ("RSL") and rate sensitive assets ("RSA"). The report is prepared monthly by grouping rate sensitive liabilities, assets and off-balance sheet positions into time buckets according to residual maturity or next re-pricing period, whichever is earlier. The difference between RSA and RSL for each time bucket signifies the gap in that time bucket. The direction of the gap indicates whether net interest income is positively or negatively impacted by a change in interest rates and the magnitude of the gap helps in assessing the change in net interest income for any given interest rate shift. The interest rate sensitivity/gap reports are reviewed by the ALCO on a regular basis.

**Earnings at risk ("EaR"):** The interest rate gap reports mentioned above indicate whether the Bank is in a position to benefit from rising interest rates by having a positive gap ( $RSA > RSL$ ) or whether it is in a position to benefit from declining interest rates by having a negative gap ( $RSL > RSA$ ). EaR measures the change in NII over a one year time horizon for various levels of parallel shift in interest rates.

**Economic value:** Change in the interest rates have a long-term impact on the capital position of the Bank, as the economic value of the Bank's assets, liabilities and off-balance sheet positions get affected by these rate changes. The Bank applies a modified duration approach and monitors impact of various levels of parallel shift in interest rate curves on the capital position. The interest rate sensitivity/gap reports are reviewed by the ALCO on a regular basis.

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### II. Quantitative disclosures

The increase / (decline) in earnings and economic value (on a pre-tax basis) for an upward/downward rate shock broken down by currency is as below

#### a. Impact on net interest income over the next 12 months (earnings perspective)

| INR Million<br>Currency | 30-Sep-22                                          |                                                      | 31-Mar-2022                                        |                                                      |
|-------------------------|----------------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|
|                         | If interest rate were to go up by 100 basis points | If interest rate were to go down by 100 basis points | If interest rate were to go up by 100 basis points | If interest rate were to go down by 100 basis points |
| INR                     | (111)                                              | 111                                                  | 146                                                | (146)                                                |
| USD                     | (51)                                               | 51                                                   | 31                                                 | (31)                                                 |
| Others                  | (1)                                                | 1                                                    | 0                                                  | 0                                                    |
| <b>Total</b>            | <b>(163)</b>                                       | <b>163</b>                                           | <b>177</b>                                         | <b>(177)</b>                                         |

#### b. Impact on market value of equity (economic value perspective):

| INR Million<br>Currency | 30-Sep-22                                          |                                                      | 31-Mar-2022                                        |                                                      |
|-------------------------|----------------------------------------------------|------------------------------------------------------|----------------------------------------------------|------------------------------------------------------|
|                         | If interest rate were to go up by 200 basis points | If interest rate were to go down by 200 basis points | If interest rate were to go up by 200 basis points | If interest rate were to go down by 200 basis points |
| INR                     | 6,555                                              | (6,555)                                              | 5,452                                              | (5,452)                                              |
| USD                     | 1,212                                              | (1,212)                                              | 1,661                                              | (1,661)                                              |
| Others                  | 47                                                 | (47)                                                 | 39                                                 | (39)                                                 |
| <b>Total</b>            | <b>7,814</b>                                       | <b>(7,814)</b>                                       | <b>7,152</b>                                       | <b>(7,152)</b>                                       |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Table DF-10: General Disclosure for Exposures Related to Counterparty Credit Risk

#### **I. Qualitative disclosures**

##### **Discussion of methodology used to assign economic capital and credit limits for counterparty credit exposures**

A credit approval document is used to analyze the counterparty's creditworthiness, document transaction structure and risk mitigation, and approve the Traded Products limit(s). Specific requests, including limit structure and attributes is also included in the credit approval document. BANA India adopts standardized model which does not calculate economic capital for counterparty credit exposures.

##### **Discussion of policies for securing collateral and establishing credit reserve**

Collateralization is one of the key credit risk mitigation techniques available in the market. The term "Collateral" means assets pledged as security to ensure payment or performance of an obligation. When facing derivative counterparties, BAC enters into master netting arrangements and, in appropriate circumstances, collateral arrangements which provide in the event of a customer default, the right to liquidate collateral and the right to offset counterparty's rights and obligations. BAC also monitors the fair market value of the underlying securities used as collateral, including accrued interest, and, as necessary, requests additional collateral to ensure that the relevant transactions are adequately collateralized. BANA India makes appropriate provisions for credit risk as per regulatory guidelines.

##### **Discussion of policies with respect to wrong-way risk exposures**

Transactions that include significant positive correlation between the performance of the counterparty and the exposure profile of the underlying product are called Wrong Way Risk ("WWR") trades. The BAC Wrong Way Risk Policy outlines the characteristics of WWR trades, and describes the approval escalation requirements and associated monitoring and reporting of WWR exposure.

##### **Discussion of the impact of the collateral the bank would have to provide given a credit rating downgrade**

As per local contractual agreements, BANA India is not required to post any collateral given a credit rating downgrade.

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

## II. Quantitative disclosures

As at September 30, 2022

|                                                          | Forward Exchange Contracts | Interest Rate Derivative Contracts | Cross Currency Swaps | Options | Total          |
|----------------------------------------------------------|----------------------------|------------------------------------|----------------------|---------|----------------|
| INR Million                                              |                            |                                    |                      |         |                |
| Gross positive fair value of contracts                   | 82,612                     | 70,373                             | 3,919                | 1,792   | 158,695        |
| Netting benefits*                                        |                            |                                    |                      |         | 83,154         |
| Netted current credit exposure (positive mark-to-market) |                            |                                    |                      |         | 75,541         |
| Collateral held                                          |                            |                                    |                      |         | -              |
| Net derivatives credit exposure                          |                            |                                    |                      |         | 75,541         |
| Gross potential future exposure                          | 154,849                    | 54,146                             | 8,523                | 7,688   | 225,206        |
| Netting benefits*                                        |                            |                                    |                      |         | 6,511          |
| Net potential future exposure                            |                            |                                    |                      |         | 218,695        |
| Exposure at default under Current Exposure Method        |                            |                                    |                      |         | 294,236        |
| INR Million                                              |                            |                                    |                      |         |                |
| Notional value of credit derivative hedges               |                            |                                    |                      |         |                |
| Institution's own credit portfolio                       |                            |                                    |                      |         |                |
| • Protection bought                                      |                            |                                    |                      |         |                |
| • Protection sold                                        |                            |                                    |                      |         |                |
| Institution's Intermediation activity credit portfolio   |                            |                                    |                      |         |                |
| • Protection bought                                      |                            |                                    |                      |         |                |
| • Protection sold                                        |                            |                                    |                      |         |                |
|                                                          |                            |                                    |                      |         | Not Applicable |

As at March 31, 2022

|                                                          | Forward<br>Exchange<br>Contracts | Interest Rate<br>Derivative<br>Contracts | Cross Currency<br>Swaps | Options        |
|----------------------------------------------------------|----------------------------------|------------------------------------------|-------------------------|----------------|
| INR Million                                              |                                  |                                          |                         |                |
| Gross positive fair value of contracts                   | 25,222                           | 39,084                                   | 1,185                   | 648            |
| Netting benefits*                                        | 17,881                           | -                                        | -                       | -              |
| Netted current credit exposure (positive mark-to-market) | 7,341                            | 39,084                                   | 1,185                   | 648            |
| Collateral held                                          | -                                | -                                        | -                       | -              |
| Net derivatives credit exposure                          | 7,341                            | 39,084                                   | 1,185                   | 648            |
| Exposure at default under Current Exposure Method        | 122,204                          | 83,483                                   | 10,231                  | 6,141          |
| INR Million                                              |                                  |                                          |                         |                |
| Notional value of credit derivative hedges               |                                  |                                          |                         |                |
| Institution's own credit portfolio                       |                                  |                                          |                         |                |
| • Protection bought                                      |                                  |                                          |                         | Not Applicable |
| • Protection sold                                        |                                  |                                          |                         |                |
| Institution's Intermediation activity credit portfolio   |                                  |                                          |                         |                |
| • Protection bought                                      |                                  |                                          |                         |                |
| • Protection sold                                        |                                  |                                          |                         |                |

Note: Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

\* This represents netting benefits with respect to Qualified Central Clearing Counterparties and

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

Table DF-11: Composition of Capital

| Sr. no                                                        | Particulars                                                                                                                                                                                                                                                         | Amt in INR mm  | Amounts Subject to Pre-Basel III Treatment | Reference No. |
|---------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------|---------------|
| <b>Common Equity Tier 1 capital: instruments and reserves</b> |                                                                                                                                                                                                                                                                     |                |                                            |               |
| 1.                                                            | Directly issued qualifying common share capital plus related stock surplus (share premium)                                                                                                                                                                          | 31,883         |                                            | A1            |
| 2.                                                            | Retained earnings                                                                                                                                                                                                                                                   | 84,954         |                                            | A2+A3         |
| 3.                                                            | Accumulated other comprehensive income (and other reserves)                                                                                                                                                                                                         | -              |                                            |               |
| 4.                                                            | Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies <sup>1</sup> )                                                                                                                                                 | -              |                                            |               |
| 5.                                                            | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)                                                                                                                                                                | -              |                                            |               |
| 6.                                                            | <b>Common Equity Tier 1 capital before regulatory adjustments</b>                                                                                                                                                                                                   | <b>116,837</b> |                                            |               |
| <b>Common Equity Tier 1 capital: regulatory adjustments</b>   |                                                                                                                                                                                                                                                                     |                |                                            |               |
| 7.                                                            | Prudential valuation adjustments                                                                                                                                                                                                                                    | -              |                                            |               |
| 8.                                                            | Goodwill (net of related tax liability)                                                                                                                                                                                                                             | -              |                                            |               |
| 9.                                                            | Intangibles (net of related tax liability)                                                                                                                                                                                                                          | 56             |                                            | C1            |
| 10.                                                           | Deferred tax assets                                                                                                                                                                                                                                                 | -              | -                                          |               |
| 11.                                                           | Cash-flow hedge reserve                                                                                                                                                                                                                                             | -              |                                            |               |
| 12.                                                           | Shortfall of provisions to expected losses                                                                                                                                                                                                                          | -              |                                            |               |
| 13.                                                           | Securitisation gain on sale                                                                                                                                                                                                                                         | -              |                                            |               |
| 14.                                                           | Gains and losses due to changes in own credit risk on fair valued liabilities                                                                                                                                                                                       | -              |                                            |               |
| 15.                                                           | Defined-benefit pension fund net assets                                                                                                                                                                                                                             | -              |                                            |               |
| 16.                                                           | Investments in own shares (if not already netted off paid-in capital on reported balance sheet)                                                                                                                                                                     | -              |                                            |               |
| 17.                                                           | Reciprocal cross-holdings in common equity                                                                                                                                                                                                                          | -              |                                            |               |
| 18.                                                           | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold) | -              |                                            |               |
| 19.                                                           | Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)                                                       | -              |                                            |               |
| 20.                                                           | Mortgage servicing rights (amount above 10% threshold)                                                                                                                                                                                                              | -              |                                            |               |
| 21.                                                           | Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)                                                                                                                                                   | -              |                                            |               |
| 22.                                                           | Amount exceeding the 15% threshold                                                                                                                                                                                                                                  | -              |                                            |               |
| 23.                                                           | of which: significant investments in the common stock of financial entities                                                                                                                                                                                         | -              |                                            |               |
| 24.                                                           | of which: mortgage servicing rights                                                                                                                                                                                                                                 | -              |                                            |               |
| 25.                                                           | of which: deferred tax assets arising from temporary differences                                                                                                                                                                                                    | -              |                                            |               |
| 26.                                                           | National specific regulatory adjustments (26a+26b+26c+26d)                                                                                                                                                                                                          | -              |                                            |               |
| 26a                                                           | of which: Investments in the equity capital of the unconsolidated insurance subsidiaries                                                                                                                                                                            | -              |                                            |               |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

|                                                               |                                                                                                                                                                                                                                                                                          |                |  |  |
|---------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--|
| 26b                                                           | of which: Investments in the equity capital of unconsolidated non-financial subsidiaries                                                                                                                                                                                                 | -              |  |  |
| 26c                                                           | of which: Shortfall in the equity capital of majority owned financial entities which have not been consolidated with the bank                                                                                                                                                            | -              |  |  |
| 26d                                                           | of which: Unamortised pension funds expenditures                                                                                                                                                                                                                                         | -              |  |  |
| 27.                                                           | Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions                                                                                                                                                              | -              |  |  |
| <b>28.</b>                                                    | <b>Total regulatory adjustments to Common equity Tier 1</b>                                                                                                                                                                                                                              | <b>56</b>      |  |  |
| <b>29.</b>                                                    | <b>Common Equity Tier 1 capital (CET1)</b>                                                                                                                                                                                                                                               | <b>116,781</b> |  |  |
| 30.                                                           | Directly issued qualifying Additional Tier 1 instruments plus related stock surplus (31+32)                                                                                                                                                                                              | -              |  |  |
| 31.                                                           | of which: classified as equity under applicable accounting standards (Perpetual Non-Cumulative Preference Shares)                                                                                                                                                                        | -              |  |  |
| 32.                                                           | of which: classified as liabilities under applicable accounting standards (Perpetual debt Instruments)                                                                                                                                                                                   | -              |  |  |
| 33.                                                           | Directly issued capital instruments subject to phase out from Additional Tier 1                                                                                                                                                                                                          | -              |  |  |
| 34.                                                           | Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)                                                                                                                                | -              |  |  |
| 35.                                                           | of which: instruments issued by subsidiaries subject to phase out                                                                                                                                                                                                                        | -              |  |  |
| <b>36.</b>                                                    | <b>Additional Tier 1 capital before regulatory adjustments</b>                                                                                                                                                                                                                           | <b>-</b>       |  |  |
| <b>Common Equity Tier 1 capital: instruments and reserves</b> |                                                                                                                                                                                                                                                                                          |                |  |  |
| <b>Additional Tier 1 capital: regulatory adjustments</b>      |                                                                                                                                                                                                                                                                                          |                |  |  |
| 37.                                                           | Investments in own Additional Tier 1 instruments                                                                                                                                                                                                                                         | -              |  |  |
| 38.                                                           | Reciprocal cross-holdings in Additional Tier 1 instruments                                                                                                                                                                                                                               | -              |  |  |
| 39.                                                           | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold) | -              |  |  |
| 40.                                                           | Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)                                                                                                             | -              |  |  |
| 41.                                                           | National specific regulatory adjustments (41a+41b)                                                                                                                                                                                                                                       | -              |  |  |
| 41a                                                           | Investments in the Additional Tier 1 capital of unconsolidated insurance subsidiaries                                                                                                                                                                                                    | -              |  |  |
| 41b                                                           | Shortfall in the Additional Tier 1 capital of majority owned financial entities which have not been consolidated with the bank                                                                                                                                                           | -              |  |  |
| 42.                                                           | Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions                                                                                                                                                                                       | -              |  |  |
| <b>43.</b>                                                    | <b>Total regulatory adjustments to Additional Tier 1 capital</b>                                                                                                                                                                                                                         | <b>-</b>       |  |  |
| <b>44.</b>                                                    | <b>Additional Tier 1 capital (AT1)</b>                                                                                                                                                                                                                                                   | <b>-</b>       |  |  |
| <b>45.</b>                                                    | <b>Tier 1 capital (T1 = CET1 + AT1) (29 + 44)</b>                                                                                                                                                                                                                                        | <b>116,781</b> |  |  |
| <b>Tier 2 capital: instruments and provisions</b>             |                                                                                                                                                                                                                                                                                          |                |  |  |
| 46.                                                           | Directly issued qualifying Tier 2 instruments plus related stock surplus                                                                                                                                                                                                                 | -              |  |  |
| 47.                                                           | Directly issued capital instruments subject to phase out from Tier 2                                                                                                                                                                                                                     | -              |  |  |
| 48.                                                           | Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)                                                                                                                         | -              |  |  |
| 49.                                                           | of which: instruments issued by subsidiaries subject to phase out                                                                                                                                                                                                                        | -              |  |  |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

|                                                                           |                                                                                                                                                                                                                                                                                              |                |  |                    |
|---------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--|--------------------|
| 50.                                                                       | Provisions                                                                                                                                                                                                                                                                                   | 6,579          |  | B1+B2+B3+B4<br>+B5 |
| <b>51.</b>                                                                | <b>Tier 2 capital before regulatory adjustments</b>                                                                                                                                                                                                                                          | <b>6,579</b>   |  |                    |
| 52.                                                                       | Investments in own Tier 2 instruments                                                                                                                                                                                                                                                        | -              |  |                    |
| 53.                                                                       | Reciprocal cross-holdings in Tier 2 instruments                                                                                                                                                                                                                                              | -              |  |                    |
| 54.                                                                       | Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold) | -              |  |                    |
| 55.                                                                       | Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)                                                                                                                    | -              |  |                    |
| 56.                                                                       | National specific regulatory adjustments (56a+56b)                                                                                                                                                                                                                                           | -              |  |                    |
| 56a                                                                       | of which: Investments in the Tier 2 capital of unconsolidated subsidiaries                                                                                                                                                                                                                   | -              |  |                    |
| 56b                                                                       | of which: Shortfall in the Tier 2 capital of majority owned financial entities which have not been consolidated with the bank                                                                                                                                                                | -              |  |                    |
| <b>57.</b>                                                                | <b>Total regulatory adjustments to Tier 2 capital</b>                                                                                                                                                                                                                                        | <b>-</b>       |  |                    |
| <b>58.</b>                                                                | <b>Tier 2 capital (T2)</b>                                                                                                                                                                                                                                                                   | <b>6,579</b>   |  |                    |
| <b>59.</b>                                                                | <b>Total capital (TC = T1 + T2) (45 + 58)</b>                                                                                                                                                                                                                                                | <b>123,360</b> |  |                    |
| <b>60.</b>                                                                | <b>Total risk weighted assets (60a + 60b + 60c)</b>                                                                                                                                                                                                                                          | <b>710,777</b> |  |                    |
| <b>60a</b>                                                                | of which: total credit risk weighted assets                                                                                                                                                                                                                                                  | 525,959        |  |                    |
| <b>60b</b>                                                                | of which: total market risk weighted assets                                                                                                                                                                                                                                                  | 130,448        |  |                    |
| <b>60c</b>                                                                | of which: total operational risk weighted assets                                                                                                                                                                                                                                             | 54,370         |  |                    |
| <b>Capital ratios</b>                                                     |                                                                                                                                                                                                                                                                                              |                |  |                    |
| <b>61.</b>                                                                | <b>Common Equity Tier 1 (as a percentage of risk weighted assets)</b>                                                                                                                                                                                                                        | <b>16.43%</b>  |  |                    |
| <b>62.</b>                                                                | <b>Tier 1 (as a percentage of risk weighted assets)</b>                                                                                                                                                                                                                                      | <b>16.43%</b>  |  |                    |
| <b>63.</b>                                                                | <b>Total capital (as a percentage of risk weighted assets)</b>                                                                                                                                                                                                                               | <b>17.36%</b>  |  |                    |
| 64.                                                                       | Institution specific buffer requirement (minimum CET1 requirement plus capital conservation and countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted assets)                                                                        | <b>10.50%</b>  |  |                    |
| 65.                                                                       | of which: capital conservation buffer requirement                                                                                                                                                                                                                                            | <b>2.50%</b>   |  |                    |
| 66.                                                                       | of which: bank specific countercyclical buffer requirement                                                                                                                                                                                                                                   | -              |  |                    |
| 67.                                                                       | of which: G-SIB buffer requirement                                                                                                                                                                                                                                                           | <b>2.50%</b>   |  |                    |
| 68.                                                                       | Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets) – (Point 61 – Point 71)                                                                                                                                                                             | <b>7.43%</b>   |  |                    |
| <b>National minima (if different from Basel III)</b>                      |                                                                                                                                                                                                                                                                                              |                |  |                    |
| 69.                                                                       | National Common Equity Tier 1 minimum ratio (if different from Basel III minimum)                                                                                                                                                                                                            | 5.50%          |  |                    |
| 70.                                                                       | National Tier 1 minimum ratio (if different from Basel III minimum)                                                                                                                                                                                                                          | 7.00%          |  |                    |
| 71.                                                                       | National total capital minimum ratio (if different from Basel III minimum)                                                                                                                                                                                                                   | 9.00%          |  |                    |
| <b>Amounts below the thresholds for deduction (before risk weighting)</b> |                                                                                                                                                                                                                                                                                              |                |  |                    |
| 72.                                                                       | Non-significant investments in the capital of other financial entities                                                                                                                                                                                                                       | -              |  |                    |
| 73.                                                                       | Significant investments in the common stock of financial entities                                                                                                                                                                                                                            | -              |  |                    |
| 74.                                                                       | Mortgage servicing rights (net of related tax liability)                                                                                                                                                                                                                                     | NA             |  |                    |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

|                                                                                                                          |                                                                                                                                              |       |  |  |
|--------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|-------|--|--|
| 75.                                                                                                                      | Deferred tax assets arising from temporary differences (net of related tax liability)                                                        | -     |  |  |
| <b>Applicable caps on the inclusion of provisions in Tier 2</b>                                                          |                                                                                                                                              |       |  |  |
| 76.                                                                                                                      | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)           | 6,294 |  |  |
| 77.                                                                                                                      | Cap on inclusion of provisions in Tier 2 under standardised approach                                                                         | 6,574 |  |  |
| 78.                                                                                                                      | Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap) | -     |  |  |
| 79.                                                                                                                      | Cap for inclusion of provisions in Tier 2 under internal ratings-based approach                                                              | -     |  |  |
| <b>Capital instruments subject to phase-out arrangements (only applicable between March 31, 2017 and March 31, 2022)</b> |                                                                                                                                              |       |  |  |
| 80.                                                                                                                      | Current cap on CET1 instruments subject to phase out arrangements                                                                            | -     |  |  |
| 81.                                                                                                                      | Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)                                                      | -     |  |  |
| 82.                                                                                                                      | Current cap on AT1 instruments subject to phase out arrangements                                                                             | -     |  |  |
| 83.                                                                                                                      | Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)                                                       | -     |  |  |
| 84.                                                                                                                      | Current cap on T2 instruments subject to phase out arrangements                                                                              | -     |  |  |
| 85.                                                                                                                      | Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)                                                        | -     |  |  |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

Table DF-12: Composition of Capital- Reconciliation Requirement

|                    |                                                              | Balance sheet as in<br>financial statements | Balance sheet<br>under regulatory<br>scope of<br>consolidation |
|--------------------|--------------------------------------------------------------|---------------------------------------------|----------------------------------------------------------------|
|                    |                                                              | As on 30-Sep-22                             | As on 30-Sep-22                                                |
| <i>INR Million</i> |                                                              |                                             |                                                                |
| <b>A</b>           | <b>Capital &amp; Liabilities</b>                             |                                             |                                                                |
| i                  | Paid-up Capital                                              | 44,057                                      | 44,057                                                         |
|                    | Reserves & Surplus                                           | 114,673                                     | 114,673                                                        |
|                    | Minority Interest                                            | -                                           | -                                                              |
|                    | Total Capital                                                | 158,731                                     | 158,731                                                        |
| II                 | Deposits                                                     | 416,001                                     | 416,001                                                        |
|                    | of which: Deposits from banks                                | 10,134                                      | 10,134                                                         |
|                    | of which: Customer deposits                                  | 405,866                                     | 405,866                                                        |
|                    | of which: Other deposits (pl. specify)                       | -                                           | -                                                              |
| iii                | Borrowings                                                   | 25,571                                      | 25,571                                                         |
|                    | of which: From RBI                                           | 8,000                                       | 8,000                                                          |
|                    | of which: From banks                                         | 17,571                                      | 17,571                                                         |
|                    | of which: From other institutions & agencies                 | -                                           | -                                                              |
|                    | of which: Others (pl. specify)                               | -                                           | -                                                              |
|                    | of which: Capital instruments                                | -                                           | -                                                              |
| iv                 | Other liabilities & provisions                               | 191,506                                     | 191,506                                                        |
|                    | <b>Total</b>                                                 | <b>791,808</b>                              | <b>791,808</b>                                                 |
| <b>B</b>           | <b>Assets</b>                                                |                                             |                                                                |
| i                  | Cash and balances with Reserve<br>Bank of India              | 20,100                                      | 20,100                                                         |
|                    | Balance with banks and money at call and short notice        | 136,723                                     | 136,723                                                        |
| ii                 | Investments:                                                 | 239,402                                     | 239,402                                                        |
|                    | of which: Government securities                              | 209,165                                     | 209,165                                                        |
|                    | of which: Shares                                             | -                                           | -                                                              |
|                    | of which: Debentures & Bonds                                 | -                                           | -                                                              |
|                    | of which: Subsidiaries / Joint Ventures / Associates         | -                                           | -                                                              |
|                    | of which: Others (US T bills , Certificate of Deposits etc.) | 30,237                                      | 30,237                                                         |
| iii                | Loans and advances                                           | 208,829                                     | 208,829                                                        |
|                    | of which: Loans and advances to banks                        | 53                                          | 53                                                             |
|                    | of which: Loans and advances to customers                    | 208,776                                     | 208,776                                                        |
| iv                 | Fixed assets                                                 | 838                                         | 838                                                            |
| v                  | Other assets                                                 | 185,916                                     | 185,916                                                        |
|                    | of which: Goodwill and intangible assets                     | 56                                          | 56                                                             |
|                    | of which: Deferred tax assets                                | 2,119                                       | 2,119                                                          |
| vi                 | Goodwill on consolidation                                    | -                                           | -                                                              |
| vii                | Debit balance in Profit & Loss account                       | -                                           | -                                                              |
|                    | <b>Total Assets</b>                                          | <b>791,808</b>                              | <b>791,808</b>                                                 |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

INR Million

|            |                                                                 | Balance sheet as in<br>financial statements | Balance sheet under<br>regulatory scope of<br>consolidation | Referenc<br>e no. |
|------------|-----------------------------------------------------------------|---------------------------------------------|-------------------------------------------------------------|-------------------|
|            |                                                                 | As on 30-Sep-22                             | As on 30-Sep-22                                             |                   |
| <b>A</b>   | <b>Capital &amp; Liabilities</b>                                |                                             |                                                             |                   |
|            | <b>Paid-up Capital</b>                                          | <b>44,057</b>                               | <b>44,057</b>                                               | <b>A1</b>         |
|            | of which: Amount eligible for CET1                              | 44,057                                      | 44,057                                                      |                   |
|            | of which: Amount eligible for AT1                               | -                                           | -                                                           |                   |
|            | <b>Reserves &amp; Surplus</b>                                   | <b>114,673</b>                              | <b>114,673</b>                                              |                   |
|            | Statutory Reserves                                              | 28,621                                      | 28,621                                                      | A2                |
|            | Capital Reserves                                                | 56,333                                      | 56,333                                                      | A3                |
|            | Investment Reserve Account                                      | 381                                         | 381                                                         | B1                |
|            | Investment Fluctuation Reserve                                  | 3,549                                       | 3,549                                                       | B2                |
|            | Balance in Profit & Loss A/c                                    | 25,789                                      | 25,789                                                      |                   |
|            | of which :                                                      |                                             |                                                             |                   |
|            | Unallocated Surplus                                             | 22,140                                      | 22,140                                                      |                   |
|            | Current period profits not reckoned for Capital Adequacy        | 3,649                                       | 3,649                                                       |                   |
|            | Minority Interest                                               | -                                           | -                                                           |                   |
| <b>i</b>   | <b>Total Capital</b>                                            | <b>158,731</b>                              | <b>158,731</b>                                              |                   |
| <b>ii</b>  | <b>Deposits</b>                                                 | <b>416,001</b>                              | <b>416,001</b>                                              |                   |
|            | of which: Deposits from banks                                   | 10,134                                      | 10,134                                                      |                   |
|            | of which: Customer deposits                                     | 405,866                                     | 405,866                                                     |                   |
|            | of which: Other deposits (pl. specify)                          | -                                           | -                                                           |                   |
| <b>iii</b> | <b>Borrowings</b>                                               | <b>25,571</b>                               | <b>25,571</b>                                               |                   |
|            | of which: From RBI                                              | 8,000                                       | 8,000                                                       |                   |
|            | of which: From banks                                            | 17,571                                      | 17,571                                                      |                   |
|            | of which: From other institutions<br>& agencies                 | -                                           | -                                                           |                   |
|            | of which: Others (pl. specify)                                  | -                                           | -                                                           |                   |
|            | of which: Capital instruments                                   | -                                           | -                                                           |                   |
| <b>iv</b>  | <b>Other liabilities &amp; provisions</b>                       | <b>191,506</b>                              | <b>191,506</b>                                              |                   |
|            | of which: Provision for Standard Assets                         | 2,573                                       | 2,573                                                       | B3                |
|            | of which: Provision for Country risk                            | 77                                          | 77                                                          | B4                |
|            | of which: General Provision                                     | -                                           | -                                                           | B5                |
|            | of which: Provision for Enhancing Credit Supply                 | 1,037                                       | 1,037                                                       |                   |
|            | of which: DTLs related to goodwill                              | -                                           | -                                                           |                   |
|            | of which: DTLs related to intangible assets                     | -                                           | -                                                           |                   |
|            | <b>Total Capital and Liabilities</b>                            | <b>791,808</b>                              | <b>791,808</b>                                              |                   |
| <b>B</b>   | <b>Assets</b>                                                   |                                             |                                                             |                   |
| <b>i</b>   | <b>Cash and balances with Reserve Bank of India</b>             | <b>20,100</b>                               | <b>20,100</b>                                               |                   |
|            | Balance with banks and money at call and short notice           | 136,723                                     | 136,723                                                     |                   |
| <b>ii</b>  | <b>Investments</b>                                              | <b>239,402</b>                              | <b>239,402</b>                                              |                   |
|            | of which: Government securities                                 | 209,165                                     | 209,165                                                     |                   |
|            | of which: Other approved securities                             | -                                           | -                                                           |                   |
|            | of which: Shares                                                | -                                           | -                                                           |                   |
|            | of which: Debentures & Bonds                                    | -                                           | -                                                           |                   |
|            | of which: Subsidiaries / Joint Ventures / Associates            | -                                           | -                                                           |                   |
|            | of which: Others (US T bills , Certificate of Deposits<br>etc.) | 30,237                                      | 30,237                                                      |                   |
| <b>iii</b> | <b>Loans and advances</b>                                       | <b>208,829</b>                              | <b>208,829</b>                                              |                   |
|            | of which: Loans and advances to banks                           | 53                                          | 53                                                          |                   |
|            | of which: Loans and advances to customers                       | 208,776                                     | 208,776                                                     |                   |
| <b>iv</b>  | <b>Fixed assets</b>                                             | <b>838</b>                                  | <b>838</b>                                                  |                   |
| <b>v</b>   | <b>Other assets</b>                                             | <b>185,916</b>                              | <b>185,916</b>                                              |                   |
|            | of which:                                                       | -                                           | -                                                           |                   |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

|  |                                        |                |                |    |
|--|----------------------------------------|----------------|----------------|----|
|  | Goodwill                               | -              | -              |    |
|  | Other intangibles (excluding MSRs)     | 56             | 56             | C1 |
|  | Deferred tax assets                    | 2,119          | 2,119          |    |
|  | Goodwill on consolidation              | -              | -              |    |
|  | Debit balance in Profit & Loss account | -              | -              |    |
|  | <b>Total Assets</b>                    | <b>791,808</b> | <b>791,808</b> |    |

## Table DF-13: Main Features of Regulatory Capital Instruments

The Bank has not issued any Regulatory Capital instruments

| Disclosure template for main features of regulatory capital instruments |                                                                                            |                |
|-------------------------------------------------------------------------|--------------------------------------------------------------------------------------------|----------------|
| 1                                                                       | Issuer                                                                                     | Not Applicable |
| 2                                                                       | Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)         |                |
| 3                                                                       | Governing law(s) of the instrument                                                         |                |
|                                                                         | <i>Regulatory treatment</i>                                                                |                |
| 4                                                                       | Transitional Basel III rules                                                               |                |
| 5                                                                       | Post-transitional Basel III rules                                                          |                |
| 6                                                                       | Eligible at solo/group/ group & solo                                                       |                |
| 7                                                                       | Instrument type                                                                            |                |
| 8                                                                       | Amount recognised in regulatory capital (Rs. in million, as of most recent reporting date) |                |
| 9                                                                       | Par value of instrument                                                                    |                |
| 10                                                                      | Accounting classification                                                                  |                |
| 11                                                                      | Original date of issuance                                                                  |                |
| 12                                                                      | Perpetual or dated                                                                         |                |
| 13                                                                      | Original maturity date                                                                     |                |
| 14                                                                      | Issuer call subject to prior supervisory approval                                          |                |
| 15                                                                      | Optional call date, contingent call dates and redemption amount                            |                |
| 16                                                                      | Subsequent call dates, if applicable                                                       |                |
|                                                                         | <i>Coupons / dividends</i>                                                                 |                |
| 17                                                                      | Fixed or floating dividend/coupon                                                          |                |
| 18                                                                      | Coupon rate and any related index                                                          |                |
| 19                                                                      | Existence of a dividend stopper                                                            |                |
| 20                                                                      | Fully discretionary, partially discretionary or mandatory                                  |                |
| 21                                                                      | Existence of step up or other incentive to redeem                                          |                |
| 22                                                                      | Noncumulative or cumulative                                                                |                |
| 23                                                                      | Convertible or non-convertible                                                             |                |
| 24                                                                      | If convertible, conversion trigger(s)                                                      |                |
| 25                                                                      | If convertible, fully or partially                                                         |                |
| 26                                                                      | If convertible, conversion rate                                                            |                |
| 27                                                                      | If convertible, mandatory or optional conversion                                           |                |
| 28                                                                      | If convertible, specify instrument type convertible into                                   |                |
| 29                                                                      | If convertible, specify issuer of instrument it converts into                              |                |
| 30                                                                      | Write-down feature                                                                         |                |
| 31                                                                      | If write-down, write-down trigger(s)                                                       |                |
| 32                                                                      | If write-down, full or partial                                                             |                |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

|    |                                                                                                               |  |
|----|---------------------------------------------------------------------------------------------------------------|--|
| 33 | If write-down, permanent or temporary                                                                         |  |
| 34 | If temporary write-down, description of write-up mechanism                                                    |  |
| 35 | Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) |  |
| 36 | Non-compliant transitioned features                                                                           |  |
| 37 | If yes, specify non-compliant features                                                                        |  |

**Table DF-14: Full Terms and Conditions of Regulatory Capital Instruments**

| Instruments                                                | Full Terms and Conditions |
|------------------------------------------------------------|---------------------------|
| The Bank has not issued any Regulatory Capital instruments |                           |

**Table DF-15: Disclosure Requirements for Remuneration**

The Bank's compensation policies including that of CEO's, is in conformity with the Financial Stability Board principles and standards. In accordance with the requirements of the RBI Circular No. DBOD No.BC.72/29.67/001/2011-12 dated January 13, 2012; the Regional Office of the Bank has submitted a declaration to RBI confirming the aforesaid matter and hence this disclosure is not applicable.

**Table DF-16: Equities – Disclosure for Banking Book Position - Nil**

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

Table DF-17: Summary Comparison of Accounting Assets vs Leverage Ratio Exposure Measure

|   | Item                                                                                                                                                                               | INR Million      |
|---|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| 1 | Total consolidated assets as per published financial statements                                                                                                                    | 793,522          |
| 2 | Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation | -                |
| 3 | Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure               | -                |
| 4 | Adjustments for derivative financial instruments                                                                                                                                   | 135,540          |
| 5 | Adjustment for securities financing transactions (i.e. repos and similar secured lending)                                                                                          | -                |
| 6 | Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off- balance sheet exposures)                                                              | 99,402           |
| 7 | Other adjustments (Asset amounts deducted in determining Basel III Tier 1 capital)                                                                                                 | (56)             |
| 8 | <b>Leverage ratio exposure</b>                                                                                                                                                     | <b>1,028,408</b> |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

Table DF-18: Leverage Ratio Common Disclosure Template

|    | Item                                                                                                                                     | INR Million      |
|----|------------------------------------------------------------------------------------------------------------------------------------------|------------------|
|    | <b>On-balance sheet exposures</b>                                                                                                        |                  |
| 1  | On-balance sheet items (excluding derivatives and SFTs, but including collateral)                                                        | 499,763          |
| 2  | (Asset amounts deducted in determining Basel III Tier 1 capital)                                                                         | (56)             |
| 3  | <b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>                                          | <b>499,707</b>   |
|    | <b>Derivative exposures</b>                                                                                                              |                  |
| 4  | Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)                               | 75,541           |
| 5  | Add-on amounts for PFE associated with all derivatives transactions                                                                      | 218,695          |
| 6  | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework | -                |
| 7  | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)                                        | -                |
| 8  | (Exempted CCP leg of client-cleared trade exposures)                                                                                     | -                |
| 9  | Adjusted effective notional amount of written credit derivatives                                                                         | -                |
| 10 | (Adjusted effective notional offsets and add-on deductions for written credit derivatives)                                               | -                |
| 11 | <b>Total derivative exposures (sum of lines 4 to 10)</b>                                                                                 | <b>294,236</b>   |
|    | <b>Securities financing transaction exposures</b>                                                                                        |                  |
| 12 | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions                                      | 135,063          |
| 13 | (Netted amounts of cash payables and cash receivables of gross SFT assets)                                                               | -                |
| 14 | CCR exposure for SFT assets                                                                                                              | -                |
| 15 | Agent transaction exposures                                                                                                              | -                |
| 16 | <b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>                                                          | <b>135,063</b>   |
|    | <b>Other off-balance sheet exposures</b>                                                                                                 |                  |
| 17 | Off-balance sheet exposure at gross notional amount                                                                                      | 397,768          |
| 18 | (Adjustments for conversion to credit equivalent amounts)                                                                                | (298,366)        |
| 19 | <b>Off-balance sheet items (sum of lines 17 and 18)</b>                                                                                  | <b>99,402</b>    |
| 20 | <b>Capital and total exposures</b><br>Tier 1 capital*                                                                                    | 116,781          |
| 21 | <b>Total exposures (sum of lines 3, 11, 16 and 19) **</b>                                                                                | <b>1,028,408</b> |
| 22 | <b>Basel III leverage ratio (per cent) ***</b>                                                                                           | <b>11.36%</b>    |

## Quantitative disclosures

| INR Million        | 30-Sep-22 | 30-Jun-22 | 31-Mar-22 | 31-Dec-21 |
|--------------------|-----------|-----------|-----------|-----------|
| Tier 1 Capital     | 116,781   | 116,774   | 116,767   | 114,687   |
| Exposure Measure   | 1,028,408 | 940,730   | 858,028   | 845,243   |
| Leverage Ratio (%) | 11.36     | 12.41     | 13.61     | 13.57     |

# Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

### Net Stable Funding Disclosure as at Sept 30, 2022

The Basel Committee on Banking Supervision (BCBS) had introduced the Net Stable Funding Ratio (NSFR) in order to ensure resilience over a longer- term time horizon by requiring banks to fund their activities with more stable sources of funding. NSFR is defined as the amount of available stable funding relative to the amount of required stable funding. "Available stable funding" (ASF) is defined as the portion of capital and liabilities expected to be reliable over the time horizon considered by the NSFR, which extends to one year. The amount of stable funding required ("Required stable funding") (RSF) of a specific institution is a function of the liquidity characteristics and residual maturities of the various assets held by that institution as well as those of its off - balance sheet (OBS) exposures.

The NSFR guidelines became effective Oct 1, 2021 and the bank has been monitoring the ratio at daily frequency starting Oct 1 and reporting to RBI on a quarterly basis. The minimum regulatory requirement as set out in the extant RBI guidelines is 100%.

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

The following tables sets out the un-weighted and weighted value of NSFR components as of Sep 30, 2022, Jun 30, 2022 and Mar 31, 2022.

## As of Sep 30, 2022

| NSFR Disclosure Template |                                                                                                                                                                 |                                       |            |                  |         | (INR. Million) |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------|------------------|---------|----------------|
|                          |                                                                                                                                                                 | Unweighted value by residual maturity |            |                  |         | Weighted value |
|                          |                                                                                                                                                                 | No maturity                           | < 6 months | 6 months to <1yr | ≥ 1yr   |                |
| ASF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 1                        | Capital: (2+3)                                                                                                                                                  | -                                     | -          | -                | 135,591 | 135,591        |
| 2                        | Regulatory capital                                                                                                                                              | -                                     | -          | -                | 135,591 | 135,591        |
| 3                        | Other capital instruments                                                                                                                                       | -                                     | -          | -                | -       | -              |
| 4                        | Retail deposits and deposits from small business customers: (5+6)                                                                                               | 20                                    | -          | -                | -       | 18             |
| 5                        | Stable deposits                                                                                                                                                 | 2                                     | -          | -                | -       | 2              |
| 6                        | Less stable deposits                                                                                                                                            | 18                                    | -          | -                | -       | 16             |
| 7                        | Wholesale funding: (8+9)                                                                                                                                        | 178,220                               | 127,262    | 15,451           | -       | 160,467        |
| 8                        | Operational deposits                                                                                                                                            | 178,220                               | -          | -                | -       | 89,110         |
| 9                        | Other wholesale funding                                                                                                                                         | -                                     | 127,262    | 15,451           | -       | 71,356.42      |
| 10                       | Other liabilities: (11+12)                                                                                                                                      | 49,667                                | 48,270     | 113              | 42,555  | -              |
| 11                       | NSFR derivative liabilities                                                                                                                                     | -                                     | -          | -                | -       | -              |
|                          | All other liabilities and equity not included in the above                                                                                                      | -                                     | -          | -                | -       | -              |
| 12                       | categories                                                                                                                                                      | 49,667                                | 48,270     | 113              | 42,555  | -              |
| 13                       | Total ASF (1+4+7+10)                                                                                                                                            |                                       |            |                  |         | 296,075        |
| RSF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 14                       | Total NSFR high-quality liquid assets (HQLA)                                                                                                                    |                                       |            |                  |         | 11,336         |
| 15                       | Deposits held at other financial institutions for operational purposes                                                                                          |                                       |            |                  |         |                |
| 16                       | Performing loans and securities: (17+18+19+21+23)                                                                                                               | -                                     | 269,628    | 33,022           | 17,978  | 107,311        |
| 17                       | Performing loans to financial institutions secured by Level 1 HQLA                                                                                              | -                                     | 135,063    | -                | -       | 13,506         |
| 18                       | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                                 | -                                     | 11,224     | 12,195           | -       | 7,781          |
| 19                       | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | -                                     | 123,341    | 20,827           | -       | 72,084         |
| 20                       | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                        | -                                     | -          | -                | 6,708   | 4,360          |
| 21                       | Performing residential mortgages, of which:                                                                                                                     | -                                     | -          | -                | -       | -              |
| 22                       | With a risk weight of greater than 35% under the Basel II Standardised Approach for credit risk                                                                 | -                                     | -          | -                | 11,270  | 9,580          |
| 23                       | Securities that are not in default and do not qualify as HQLA, including exchange- traded equities                                                              | -                                     | -          | -                | -       | -              |
| 24                       | Other assets: (sum of rows 25 to 29)                                                                                                                            |                                       |            |                  |         | 62,579         |
| 25                       | Physical traded commodities, including gold                                                                                                                     | -                                     | -          | -                | -       | -              |
| 26                       | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs                                                             | -                                     | 11,149     | -                | -       | 10,058         |
| 27                       | NSFR derivative assets                                                                                                                                          | -                                     | 7,653      | -                | -       | 7,653          |
| 28                       | NSFR derivative liabilities before deduction of variation margin posted                                                                                         | -                                     | 8,547      | -                | -       | 8,547          |
| 29                       | All other assets not included in the above categories                                                                                                           | 8,889                                 | 8,384      | -                | 19,048  | 36,321         |
| 30                       | Off-balance sheet items                                                                                                                                         | 5,568                                 | 22,079     | 30,273           | 339,848 | 18,408         |
| 31                       | Total RSF                                                                                                                                                       |                                       |            |                  |         | 199,635        |
| 32                       | Net Stable Funding Ratio (%)                                                                                                                                    |                                       |            |                  |         | 148.3%         |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

As of Jun 30, 2022

(INR. Million)

| NSFR Disclosure Template |                                                                                                                                                                 |                                       |            |                  |         |                |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------|------------------|---------|----------------|
|                          |                                                                                                                                                                 | Unweighted value by residual maturity |            |                  |         | Weighted value |
|                          |                                                                                                                                                                 | No maturity                           | < 6 months | 6 months to <1yr | ≥ 1yr   |                |
| ASF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 1                        | Capital: (2+3)                                                                                                                                                  | -                                     | -          | -                | 123,602 | 123,602        |
| 2                        | Regulatory capital                                                                                                                                              | -                                     | -          | -                | 123,602 | 123,602        |
| 3                        | Other capital instruments                                                                                                                                       | -                                     | -          | -                | -       | -              |
| 4                        | Retail deposits and deposits from small business customers: (5+6)                                                                                               | 20                                    | -          | -                | -       | 18             |
| 5                        | Stable deposits                                                                                                                                                 | 2                                     | -          | -                | -       | 2              |
| 6                        | Less stable deposits                                                                                                                                            | 18                                    | -          | -                | -       | 16             |
| 7                        | Wholesale funding: (8+9)                                                                                                                                        | 171,142                               | 128,131    | 15,013           | 38,302  | 195,445        |
| 8                        | Operational deposits                                                                                                                                            | 171,142                               | -          | -                | -       | 85,571         |
| 9                        | Other wholesale funding                                                                                                                                         | -                                     | 128,131    | 15,013           | 38,302  | 109,873.62     |
| 10                       | Other liabilities: (11+12)                                                                                                                                      | 43,652                                | 40,979     | 120              | 38,991  | -              |
| 11                       | NSFR derivative liabilities                                                                                                                                     | -                                     | -          | -                | -       | -              |
|                          | All other liabilities and equity not included in the above                                                                                                      | -                                     | -          | -                | -       | -              |
| 12                       | categories                                                                                                                                                      | 43,652                                | 40,979     | 120              | 38,991  | -              |
| 13                       | Total ASF (1+4+7+10)                                                                                                                                            |                                       |            |                  |         | 319,065        |
| RSF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 14                       | Total NSFR high-quality liquid assets (HQLA)                                                                                                                    |                                       |            |                  |         | 8,077          |
| 15                       | Deposits held at other financial institutions for operational purposes                                                                                          |                                       |            |                  |         |                |
| 16                       | Performing loans and securities: (17+18+19+21+23)                                                                                                               | -                                     | 326,218    | 27,063           | 13,574  | 108,249        |
| 17                       | Performing loans to financial institutions secured by Level 1 HQLA                                                                                              | -                                     | 186,539    | -                | -       | 18,654         |
| 18                       | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                                 | -                                     | 11,348     | 16,900           | -       | 10,152         |
| 19                       | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | -                                     | 128,331    | 10,163           | -       | 69,247         |
| 20                       | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                        | -                                     | -          | -                | 6,708   | 4,360          |
| 21                       | Performing residential mortgages, of which:                                                                                                                     | -                                     | -          | -                | -       | -              |
| 22                       | With a risk weight of greater than 35% under the Basel II Standardised Approach for credit risk                                                                 | -                                     | -          | -                | 6,866   | 5,836          |
| 23                       | Securities that are not in default and do not qualify as HQLA, including exchange- traded equities                                                              | -                                     | -          | -                | -       | -              |
| 24                       | Other assets: (sum of rows 25 to 29)                                                                                                                            |                                       |            |                  |         | 58,710         |
| 25                       | Physical traded commodities, including gold                                                                                                                     | -                                     | -          | -                | -       | -              |
| 26                       | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs                                                             | -                                     | 11,660     | -                | -       | 10,660         |
| 27                       | NSFR derivative assets                                                                                                                                          | -                                     | 2,180      | -                | -       | 2,180          |
| 28                       | NSFR derivative liabilities before deduction of variation margin posted                                                                                         | -                                     | 6,134      | -                | -       | 6,134          |
| 29                       | All other assets not included in the above categories                                                                                                           | 7,977                                 | 10,651     | -                | 21,107  | 39,736         |
| 30                       | Off-balance sheet items                                                                                                                                         | 5,019                                 | 15,087     | 52,936           | 314,560 | 18,153         |
| 31                       | Total RSF                                                                                                                                                       |                                       |            |                  |         | 193,190        |
| 32                       | Net Stable Funding Ratio (%)                                                                                                                                    |                                       |            |                  |         | 165.2%         |

## Bank of America, N.A. (India Branches)

## Basel III Pillar 3 Disclosures

As of Mar 31, 2022

(INR. Million)

| NSFR Disclosure Template |                                                                                                                                                                 |                                       |            |                  |         | (INR. Million) |
|--------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------|------------|------------------|---------|----------------|
|                          |                                                                                                                                                                 | Unweighted value by residual maturity |            |                  |         | Weighted value |
|                          |                                                                                                                                                                 | No maturity                           | < 6 months | 6 months to <1yr | ≥ 1yr   |                |
| ASF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 1                        | Capital: (2+3)                                                                                                                                                  | -                                     | -          | -                | 123,131 | 123,131        |
| 2                        | Regulatory capital                                                                                                                                              | -                                     | -          | -                | 123,131 | 123,131        |
| 3                        | Other capital instruments                                                                                                                                       | -                                     | -          | -                | -       | -              |
| 4                        | Retail deposits and deposits from small business customers: (5+6)                                                                                               | 20                                    | -          | -                | -       | 18             |
| 5                        | Stable deposits                                                                                                                                                 | 2                                     | -          | -                | -       | 2              |
| 6                        | Less stable deposits                                                                                                                                            | 18                                    | -          | -                | -       | 16             |
| 7                        | Wholesale funding: (8+9)                                                                                                                                        | 166,347                               | 133,288    | 12,082           | -       | 155,859        |
| 8                        | Operational deposits                                                                                                                                            | 166,347                               | -          | -                | -       | 83,174         |
| 9                        | Other wholesale funding                                                                                                                                         | -                                     | 133,288    | 12,082           | -       | 72,685         |
| 10                       | Other liabilities: (11+12)                                                                                                                                      | 40,997                                | 35,639     | 89               | 39,227  | -              |
| 11                       | NSFR derivative liabilities                                                                                                                                     | -                                     | -          | -                | -       | -              |
|                          | All other liabilities and equity not included in the above                                                                                                      | -                                     | -          | -                | -       | -              |
| 12                       | categories                                                                                                                                                      | 40,997                                | 35,639     | 89               | 39,227  | -              |
| 13                       | Total ASF (1+4+7+10)                                                                                                                                            |                                       |            |                  |         | 279,007        |
| RSF Item                 |                                                                                                                                                                 |                                       |            |                  |         |                |
| 14                       | Total NSFR high-quality liquid assets (HQLA)                                                                                                                    |                                       |            |                  |         | 8,061          |
| 15                       | Deposits held at other financial institutions for operational purposes                                                                                          |                                       |            |                  |         |                |
| 16                       | Performing loans and securities: (17+18+19+21+23)                                                                                                               | -                                     | 211,136    | 13,915           | 17,021  | 101,290        |
| 17                       | Performing loans to financial institutions secured by Level 1 HQLA                                                                                              | -                                     | 42,532     | -                | -       | 4,253          |
| 18                       | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                                 | -                                     | 20,989     | 5,944            | -       | 6,120          |
| 19                       | Performing loans to non- financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks, and PSEs, of which: | -                                     | 147,615    | 7,972            | -       | 77,793         |
| 20                       | With a risk weight of less than or equal to 35% under the Basel II Standardised Approach for credit risk                                                        | -                                     | -          | -                | 6,722   | 4,369          |
| 21                       | Performing residential mortgages, of which:                                                                                                                     | -                                     | -          | -                | -       | -              |
| 22                       | With a risk weight of greater than 35% under the Basel II Standardised Approach for credit risk                                                                 | -                                     | -          | -                | 10,299  | 8,754          |
| 23                       | Securities that are not in default and do not qualify as HQLA, including exchange- traded equities                                                              | -                                     | -          | -                | -       | -              |
| 24                       | Other assets: (sum of rows 25 to 29)                                                                                                                            |                                       |            |                  |         | 51,239         |
| 25                       | Physical traded commodities, including gold                                                                                                                     | -                                     | -          | -                | -       | -              |
| 26                       | Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs                                                             | -                                     | 14,792     | -                | -       | 13,798         |
| 27                       | NSFR derivative assets                                                                                                                                          | -                                     | 1,089      | -                | -       | 1,089          |
| 28                       | NSFR derivative liabilities before deduction of variation margin posted                                                                                         | -                                     | 3,625      | -                | -       | 3,625          |
| 29                       | All other assets not included in the above categories                                                                                                           | 7,064                                 | 7,425      | -                | 18,239  | 32,727         |
| 30                       | Off-balance sheet items                                                                                                                                         | 3,560                                 | 18,069     | 34,590           | 309,006 | 17,155         |
| 31                       | Total RSF                                                                                                                                                       |                                       |            |                  |         | 177,746        |
| 32                       | Net Stable Funding Ratio (%)                                                                                                                                    |                                       |            |                  |         | 157.0%         |