

**Bank of America, National Association
Hong Kong Branch
Disclosure Statement
December 31, 2023**

Bank of America, N.A, Hong Kong Branch

Pillar 3 Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT INFORMATION

	31-Dec-23	31-Dec-22
	HK\$'000	HK\$'000
Interest income	6,043,643	2,491,307
Interest expense	(4,293,691)	(1,218,776)
Net interest income	<u>1,749,952</u>	<u>1,272,531</u>
Other operating income		
(Losses)/Gains arising from trading in foreign currencies	(77,678)	17,732
Losses on securities held for trading purposes	(18,349)	(492)
Gains/(Losses) arising from trading in interest rate derivatives	6,451	(1,220)
(Losses)/Gains arising from trading in other derivatives	(214)	54,952
Fees and commissions		
Income	1,559,903	1,484,272
Expense	(1,074)	(1,074)
Other Income	—	—
	<u>1,469,039</u>	<u>1,554,170</u>
Total revenue	3,218,991	2,826,701
Operating expenses		
Staff expenses	(669,551)	(702,244)
Rental expenses	(144,764)	(152,019)
Other operating expenses		
Depreciation expenses	(1,312)	(1,495)
Group servicing fee	(476,229)	(454,297)
Telecom expenses	(9,548)	(8,906)
Equipment expenses	(10,003)	(6,970)
Legal and Professional fee	(8,968)	(16,484)
Travel expenses	(6,302)	(6,556)
Subscription fee	(6,157)	(5,449)
Other miscellaneous expenses	(258,604)	(193,649)
	<u>(1,591,438)</u>	<u>(1,548,069)</u>
Operating profit before provisions	1,627,553	1,278,632
Impairment allowance credit	418,284	488,771
Profit before taxation	<u>2,045,837</u>	<u>1,767,403</u>
Tax expense	(326,907)	(328,118)
Profit after taxation	<u><u>1,718,930</u></u>	<u><u>1,439,285</u></u>

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET DATA

	31-Dec-23 HK\$'000	30-Jun-23 HK\$'000
ASSETS		
Cash and balances with banks	4,501,554	4,072,626
Due from Exchange Fund	1,729,001	1,694,387
Placements with banks and financial institutions maturing		
- Within one month	3,002,011	3,104,263
- Between one and twelve months	5,902,248	7,631,022
Amount due from overseas offices of the institution	35,501,583	32,438,122
Trade bills, net of impairment allowance	—	45,343
Trading securities, at fair value		
- Other securities	8,801,638	8,651,597
Advances to customers and other receivables, net of impairment allowance	38,580,199	47,219,104
Property, plant & equipment	7,136	5,574
Other assets	2,404,684	1,294,124
	<u>100,430,054</u>	<u>106,156,162</u>
TOTAL ASSETS	<u>100,430,054</u>	<u>106,156,162</u>
LIABILITIES		
Deposits and balances from banks	340,578	567,261
Current, savings and other deposit accounts of customers		
- demand deposits and current accounts	25,837,975	23,659,503
- saving deposits	1,633,004	2,167,744
- time, call and notice deposits	11,320,207	9,542,768
Amount due to overseas offices of the institution	57,689,688	67,057,467
Provision for commitments and contingent liabilities	22,708	179,202
Other accounts & accruals	3,585,894	2,982,217
	<u>100,430,054</u>	<u>106,156,162</u>
TOTAL LIABILITIES	<u>100,430,054</u>	<u>106,156,162</u>

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III. ADDITIONAL BALANCE SHEET INFORMATION

	31-Dec-23 HK\$'000	30-Jun-23 HK\$'000
(i) Trade Bills, net of impairment allowance		
Trade Bills	75,912	121,946
Impairment allowance		
Collective assessment	—	(458)
Individual assessment	(75,912)	(76,145)
	<u>—</u>	<u>45,343</u>
(ii) Advances to customers and other receivables, net of impairment allowance		
Advances to customers	39,334,158	48,277,861
Impairment allowance		
Collective assessment	(377,627)	(476,432)
Individual assessment	(575,183)	(744,630)
	<u>38,381,348</u>	<u>47,056,799</u>
Accrued interests	<u>198,851</u>	<u>162,305</u>
	<u>38,580,199</u>	<u>47,219,104</u>
(iii) Commitments and contingent liabilities, net of impairment allowance		
Commitments and contingent liabilities	11,267,663	11,495,540
Impairment allowance		
Collective assessment	(22,708)	(5,814)
Individual assessment	—	(173,388)
	<u>11,244,955</u>	<u>11,316,338</u>

For Branch level, we adopted the internal risk rating and observed the provisioning guidelines issued by Hong Kong Monetary Authority (“HKMA”) to assess the collective impairment allowance for loans and advances. Individual allowances are made against individual loans and advances as and when the management have doubts on the ultimate recoverability of principal or interest in full. Both individual and collective assessment allowances are deducted from “Trade Bills”, “Advances to customers and other receivables” and “Commitments and contingent liabilities” in the balance sheet.

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (Continued)

	31-Dec-23 HK\$'000	30-Jun-23 HK\$'000
(iv) Analysis of overdue and rescheduled advances		
Overdue advances to customers		
More than one year	<u>399,615</u>	<u>400,843</u>
	<u>399,615</u>	<u>400,843</u>
Individually assessed allowance made in respect of overdue advances to customers		
More than one year	<u>475,527</u>	<u>476,988</u>
	<u>475,527</u>	<u>476,988</u>
Overdue advances to customers as a percentage of total advances to customers		
More than one year	<u>1.02 %</u>	<u>0.83 %</u>
	<u>1.02 %</u>	<u>0.83 %</u>

As at Dec 31, 2023 and Jun 30, 2023, there were no overdue and rescheduled advances to banks. The branch had no rescheduled advances and there was no collateral held in respect of those overdue advances to customers.

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (Continued)

	31-Dec-23 HK\$'000	30-Jun-23 HK\$'000
(v) Impaired advances to customers and allowance		
Impaired advances to customers	<u>1,101,885</u>	<u>1,775,988</u>
Individually assessed allowance	<u>575,183</u>	<u>744,630</u>
Impaired advances to customers as a percentage of total advances to customers	<u>2.80 %</u>	<u>3.68 %</u>
(vi) Analysis of other assets which have been overdue		
Overdue trade bills		
More than one year	<u>75,912</u>	<u>76,145</u>
	<u>75,912</u>	<u>76,145</u>
Individually assessed allowance made in respect of		
More than one year	<u>75,912</u>	<u>76,145</u>
	<u>75,912</u>	<u>76,145</u>
Overdue trade bills as a percentage of total trade bills	<u>100.00 %</u>	<u>62.44 %</u>
(vii) As at Dec 31, 2023 and Jun 30, 2023, the Branch had no repossessed assets.		

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IV. OFF-BALANCE SHEET EXPOSURES

	31-Dec-23 HK\$'000	30-Jun-23 HK\$'000
(i) The notional amounts of each of the following class of off-balance sheet exposures outstanding:		
Contingent liabilities and commitments		
- Direct credit substitutes	450,073	607,197
- Transaction-related contingencies	251,099	280,996
- Trade-related contingencies	1,987,896	2,770,154
- Other commitments	20,818,807	20,974,390
	<u>23,507,875</u>	<u>24,632,737</u>
The notional amount of derivatives contracts are as follow:		
- Exchange rate contracts	147,230,501	143,703,504
- Interest rate contracts	15,046,066	19,834,281
	<u>162,276,567</u>	<u>163,537,785</u>
 (ii) The fair value of the above derivatives contracts are as follow:		
Fair value assets		
- Exchange rate contracts	1,473,587	901,822
- Interest rate contracts	332,898	319,642
	<u>1,806,485</u>	<u>1,221,464</u>
Fair value liabilities		
- Exchange rate contracts	1,473,946	934,287
- Interest rate contracts	289,221	256,052
	<u>1,763,167</u>	<u>1,190,339</u>

The contractual amount and fair value above do not take into account the effect of bilateral netting arrangements. Exchange rate contracts exclude forward foreign exchange contracts arising from swap deposit arrangements.

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V. SEGMENTAL INFORMATION

- (i) Analysis of gross amount of advances to customers by industry sectors according to the categories and definitions used by the HKMA are as follow:

	31-Dec-23		30-Jun-23	
	Outstanding balance HK\$'000	Balance covered by Collateral HK\$'000	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000
By industry categories:				
Advances for use in Hong Kong				
Industrial, Commercial and Financial				
- Property Development	—	—	500,000	—
- Financial Concerns	1,363,714	—	2,587,062	—
- Wholesale & Retail Trade	224,179	—	366,911	—
- Manufacturing	3,942,490	—	6,633,144	—
- Transport & Transport equipment	2,307,964	—	2,312,044	—
- Electricity & Gas	—	—	500,000	—
- Recreational activities	—	—	47,013	—
- Information Technology	225,762	—	260,550	—
- All others	3,948,485	—	3,865,107	—
	<u>12,012,594</u>	<u>—</u>	<u>17,071,831</u>	<u>—</u>
Individuals	25,459	—	29,920	—
Trade Finance	4,912,281	—	5,847,726	—
Advances for use outside Hong Kong	<u>22,383,824</u>	<u>—</u>	<u>25,328,384</u>	<u>—</u>
	<u><u>39,334,158</u></u>	<u><u>—</u></u>	<u><u>48,277,861</u></u>	<u><u>—</u></u>

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. SEGMENTAL INFORMATION (Continued)

(ii) Analysis of gross amount of advances to customers by countries or geographical areas are as follow:

	31-Dec-23	30-Jun-23
	HK\$'000	HK\$'000
By countries or geographical areas:		
- Hong Kong	18,349,931	22,999,713
- India	9,510,145	10,991,770
- Mauritius	2,493,959	2,871,003
- United States	1,763,375	2,344,719
- Netherlands	1,681,082	1,686,412
- United Kingdom	1,402,997	1,545,705
- China	1,393,973	1,633,152
- Nigeria	742,097	783,555
- Macau	702,000	702,000
- Luxembourg	457,405	486,681
- Malawi	257,781	258,573
- Switzerland	207,566	815,783
- Cayman Islands	205,593	203,946
- Singapore	85,964	24,416
- Mexico	29,475	26,755
- Bermuda	21,515	63,016
- Malaysia	16,987	21,217
- South Korea	6,119	15,607
- Thailand	5,239	5,008
- Ireland	802	362
- France	155	—
- Guernsey	—	5
- Kenya	—	406,000
- Virgin Island	—	391,778
- Japan	—	684
	<u>39,334,158</u>	<u>48,277,860</u>

Advances to customers by countries or geographical area are classified according to the location of the counterparties after taking into account the transfer of risk. In general, risk transfer applies when an advance is guaranteed by a party located in an area that is different from that of the counterparty.

(iii) Analysis of overdue advances to customers by countries or geographical areas:

- Hong Kong	278,105	278,959
- Cayman Islands	82,698	82,952
- China	38,813	38,932
	<u>399,615</u>	<u>400,843</u>

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. SEGMENTAL INFORMATION (Continued)

(iv) Analysis of impaired advances to customers, which are individually assessed by countries or geographical areas:

	31-Dec-23	30-Jun-23
	HK\$'000	HK\$'000
- Hong Kong	980,375	1,654,104
- Cayman Islands	82,697	82,952
- China	38,813	38,932
	<u>1,101,885</u>	<u>1,775,988</u>

(v) Analysis of overdue trade bills by countries or geographical areas:

- Hong Kong	<u>75,912</u>	<u>76,145</u>
	<u>75,912</u>	<u>76,145</u>

(vi) Analysis of impaired trade bills by countries or geographical areas:

- Hong Kong	<u>75,912</u>	<u>76,145</u>
	<u>75,912</u>	<u>76,145</u>

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VI. INTERNATIONAL CLAIMS

		Banks	Official Sector	Non-bank private sector		Total
				Non-bank financial institutions	Non-financial private sector	
As at 31 Dec, 2023		HK\$ Million				
-	Developed countries	36,611	—	50	3,001	39,662
	of which: - United States	36,551	—	—	1,975	38,526
-	Offshore centers	55	—	1,309	12,096	13,460
	of which: - Hong Kong SAR	55	—	1,309	9,920	11,284
-	Developing Asia-Pacific	13,281	122	973	18,248	32,624
	of which: - China	4,389	—	—	7,223	11,612
	- India	3,538	—	587	11,024	15,149
	- South Korea	4,814	122	386	—	5,322
		49,947	122	2,332	33,345	85,746
		Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
As at 30 Jun, 2023		HK\$ Million				
	Developed countries	32,461	—	—	4,530	36,991
	of which: - United States	32,452	—	—	2,910	35,362
	Offshore centers	17	—	1,313	16,106	17,436
	of which: - Hong Kong SAR	17	—	1,313	13,522	14,852
	Developing Asia-Pacific	14,860	—	969	20,494	36,323
	of which: - China	4,019	—	—	7,746	11,765
	- India	3,330	—	589	12,741	16,660
	- South Korea	6,590	—	379	—	6,969
	- Indonesia	921	—	—	—	921
		47,338	—	2,282	41,130	90,750

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

VI. INTERNATIONAL CLAIMS (Continued)

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognized if the claim against counterparties is guaranteed by another party in a different country or if the claim is on an overseas branch of a bank whose head office is located in a different country. A country or geographical segment (including Hong Kong) should generally be reported individually if it constitutes 10% or more of the aggregated international claims.

Claims arising between head office, branches and subsidiaries are excluded.

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

VII. CURRENCY RISK

The net position of the following foreign currency constitutes 10% or more of the total net position in all foreign currencies arising from those trading, non-trading and structural position.

	<u>USD</u>	<u>CNY</u>	<u>OTH</u>	<u>Total</u>
As at 31 Dec, 2023		HK\$ Million		
Spot assets	76,512	4,424	3,526	84,462
Spot liabilities	(66,360)	(7,329)	(3,399)	(77,088)
Forward purchases	59,226	6,076	65,960	131,262
Forward sales	(69,434)	(3,105)	(66,080)	(138,619)
Net option position	—	—	—	—
	<hr/>			<hr/>
Net (short)/long position	<u>(56)</u>	<u>66</u>	<u>7</u>	<u>17</u>
	<hr/>			<hr/>
Net structural position	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
	<hr/>			<hr/>
	<u>USD</u>	<u>CNY</u>	<u>OTH</u>	<u>Total</u>
As at 30 Jun, 2023		HK\$ Million		
Spot assets	80,268	4,045	3,271	87,584
Spot liabilities	(75,287)	(7,641)	(3,260)	(86,188)
Forward purchases	61,073	8,415	62,103	131,591
Forward sales	(66,160)	(4,766)	(62,103)	(133,029)
Net option position	—	—	—	—
	<hr/>			<hr/>
Net (short)/long position	<u>(106)</u>	<u>53</u>	<u>11</u>	<u>(42)</u>
	<hr/>			<hr/>
Net structural position	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

VIII. LIQUIDITY INFORMATION

(i) Liquidity ratio

	<u>Quarter ended</u> 31-Dec-23	<u>Quarter ended</u> 31-Dec-22
The average liquidity maintenance ratio for the financial period (“Average LMR”)	62.79 %	59.55 %
Average Core Funding ratio (“CFR”) for 3 months period	232.25 %	241.95 %

The average LMR and average CFR for the period are the arithmetic mean of the average value for each calendar month of the reporting period in accordance with the Banking (Liquidity) Rules.

(ii) Liquidity risk management process

The Company’s management of liquidity is conducted in accordance with the corporate strategy on liquidity and in compliance with the rules, regulations and guidelines stipulated by the local regulatory authority. The process, as carried out within the Company and monitored by the Treasury unit, includes:

- Day-to-day funding, managed by monitoring future cash flows to ensure liquidity requirements can be met;
- Maintaining a portfolio of marketable assets that can easily be liquidated as protection against any unforeseen interruption to cash flow;
- Monitoring balance sheet liquidity against internal and regulatory requirements;
- Management review on balance sheet profile and maturity gaps; and
- Reporting of non-compliance on internal and regulatory requirements.

(iii) Source of Funding

	As at 31 Dec, 2023		As at 31 Dec, 2022	
	Total amount HK\$'000	As % of total liabilities	Total amount HK\$'000	As % of total liabilities
Significant funding instruments				
- Funding raised from connected parties	69,181,902	68.90 %	80,575,418	74.11 %
- Funding raised from banks	229,689	0.23 %	405,077	0.37 %
- Deposit from customers	26,055,895	25.95 %	23,381,406	21.51 %

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IX. MAINLAND ACTIVITIES

The analysis of non-bank Mainland activities is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosures) Rules with reference to the HKMA Return of Mainland activities.

As at 31 Dec, 2023	Items in HKMA Return	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	3,705,258	29,293	3,734,551
Local governments, local government-owned entities and their subsidiaries and JVs	2	268,271	—	268,271
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	9,257,365	2,975,629	12,232,994
Other entities of central government not reported in item 1 above	4	—	—	—
Other entities of local government not reported in item 2 above	5	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	690,055	1,519,698	2,209,752
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	126,450	195,289	321,739
Total	8	14,047,399	4,719,909	18,767,308
Total assets after provision	9	100,407,346		
On-balance sheet exposures as percentage of total assets	10	13.99%		

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IX. MAINLAND ACTIVITIES (CONTINUED)

As at 30 Jun, 2023	Items in HKMA Return	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	5,108,489	127,328	5,235,817
Local governments, local government-owned entities and their subsidiaries and JVs	2	270,321	—	270,321
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	11,772,152	2,991,684	14,763,836
Other entities of central government not reported in item 1 above	4	—	—	—
Other entities of local government not reported in item 2 above	5	—	—	—
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	965,021	1,758,251	2,723,272
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	121,002	195,888	316,890
Total	8	18,236,985	5,073,151	23,310,136
Total assets after provision	9	105,976,960		
On-balance sheet exposures as percentage of total assets	10	17.21%		

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION

(i) Principal Activities

The principal activities of Bank of America, National Association, Hong Kong Branch (“BANA HK”) are Corporate Banking and Global Markets. Corporate Banking includes Cash Management, Loans, Deposits; Trade Finance and Treasury solutions to Financial Institution (“FIs”) and corporate clients. Global Market includes Foreign Exchange and Bonds trading and funding for BANA HK.

(ii) Remuneration system

Introduction

The following information sets forth the remuneration disclosures required under Section 3 of the Guideline on a Sound Remuneration System (CG-5) issued by the Hong Kong Monetary Authority (“HKMA”) in March 2015 (the “Guideline”) and the Banking (Disclosure) (Amendment) Rules 2018 (Section 21: Division 9 - Remuneration), to reflect the Pillar 3 requirements for remuneration disclosure published by the Basel Committee on Banking Supervision in March 2017. The information relates to the incentive remuneration programs operated in respect of performance year 2023 by Bank of America Corporation (“Bank of America” or the “Company”). Annex A of the Guideline outlines the qualitative remuneration disclosure requirements under paragraphs (a) to (f) as exhibited in the following information. The quantitative remuneration disclosures required under the Amendment paragraphs (16ZR) to (16ZV) in respect of Bank of America operations in Hong Kong appear after this section.

The disclosures relate to employees located in Hong Kong providing service to the Bank of America, N.A. Hong Kong Branch, with specific regard to senior management and Key Personnel as defined in Section 2 of the Guideline.

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

In order to provide an appropriate balance of risk and reward, incentive compensation plans are developed in accordance with the Company’s Compensation Governance Policy and the Global Compensation Principles therein:

Principle 1. Compensation should be comprised of an appropriate mix of salary, benefits and incentives paid over time that properly aligns employee and stockholder interests.

Principle 2. Criteria for payment of incentive compensation should take into account Company-wide, business unit and individual factors.

Principle 3. Compensation should be determined on the basis of a combination of financial and non-financial factors that reflect both the current period and a longer period.

Principle 4. Compensation programs should incorporate appropriate governance processes and procedures.

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

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

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

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

- i. the Company's Board of Directors (the "Board"),
- ii. the Board's Compensation and Human Capital Committee (the "Committee"), which is wholly made up of independent directors and functions as the Company's global Remuneration Committee,
- iii. the Management Compensation Committee ("MCC"), and
- iv. governance by line of business management and independent control functions aligned to the line of business and regional governance.

The Committee oversees the establishment, maintenance and administration of the Company's remuneration programs and employee benefit plans, including approving the remuneration of the direct reports of the Chief Executive Officer (the "CEO") and approving and recommending the remuneration of the CEO to the Board for its further approval. Under the supervision of the Committee, oversight, review and responsibility for remuneration decision-making is allocated to the appropriate level of the Company's structure so that the most relevant level of management makes remuneration decisions with documented input from the Company's independent control functions.

The Committee has adopted and annually reviews the Bank of America Compensation Governance Policy ("CGP"), which is designed to be consistent with global regulatory initiatives so that the Company's incentive remuneration plans do not encourage excessive risk taking. As described in the CGP, line of business incentive remuneration plans are also periodically reviewed and evaluated by line of business management, independent control functions aligned to the line of business and the MCC in light of any risk posed by the programs and so that they do not encourage excessive risk taking. In addition, the Committee reviews senior executive officer remuneration programs so that they do not encourage excessive risk taking.

The Committee receives, from time to time, direct feedback from the independent control functions on remuneration programs. For performance year 2023, in addition to reviewing the individual incentive remuneration awards for executive officers and other senior executives who report directly to the CEO, the Committee also reviewed the outcomes of the Company's robust control function feedback process, conduct reviews and individual incentive remuneration awards for certain highly compensated employees and material risk takers. As part of its governance routine, the Committee met with the heads of the Company's independent control functions (including the Chief Risk Officer ("CRO")) and business lines to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, the Company's CRO also certifies all incentive plans across the Company as part of the MCC's governance process.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

Governance and the Decision-making Process for Determining the Remuneration Policy (continued)

As a result of these processes and reviews, and in combination with the risk management and clawback features of the Company's remuneration programs, Bank of America believes that its remuneration programs appropriately balance risks and rewards in a manner that does not encourage excessive risk taking or create risks that are reasonably likely to have a material adverse effect on the Company. Moreover, oversight by the Committee, MCC, independent control functions, and line of business management help the Company maintain a remuneration program that is intended to mitigate the potential for conflicts of interest.

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

During performance year 2023, the Committee held ten (10) meetings. Additional information regarding the Committee is included in the annual Proxy Statement available on Bank of America's Investor Relations website.

The link between pay and performance

The cornerstone of Bank of America's remuneration philosophy across all lines of business is to pay for performance – Company, line of business and individual performance. Through the Company's Performance Management process, employees understand performance expectations for their role through ongoing dialogue with their manager. The Performance Management process is designed and monitored by the Global Talent function in Human Resources. This process is reviewed periodically so that it meets the needs of managers to assess and communicate performance expectations. Throughout the year, employees receive coaching on their performance and ultimately receive a rating for their full year of performance based upon their achievement of goals for their job.

In addition, the Company does not remunerate or assess employees' performance in a way that encourages employees to act in a manner that conflicts with the duties owed to the Company's clients and performance assessment routines are designed to reflect this. Each employee's performance is assessed on quantitative and qualitative objectives as well as specific behaviors, and performance is factored into each employee's incentive remuneration award. Depending on the employee, quantitative performance objectives may be focused on Company-wide, line of business or individual results. Qualitative performance objectives may include quality and sustainability of earnings, successful implementation of strategic initiatives, adoption of risk culture/adherence to the Risk Framework and operating principles, adherence to the Company's Code of Conduct and other core values of the Company.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

The link between pay and performance (continued)

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

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

Risk Management and Incentive Plans

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

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

The Company has also established the Environmental and Social Risk Policy Framework and the Climate Risk Framework, which are aligned to the Company's Risk Framework and provide clarity and transparency around how the Company approaches climate-related, environmental and social risks.

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

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

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

Risk Management and Incentive Plans (continued)

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

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

Employee Pay

Bank of America remuneration is comprised of a balanced mix of fixed remuneration, benefits, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the higher an employee's management level or amount of incentive remuneration award, the greater the proportion of incentive remuneration that should be (i) subject to deferral and (ii) delivered in the form of equity remuneration. The Company believes equity-based awards are the simplest, most direct way to align employee interests with those of stockholders. A portion of the incentive award is provided as a deferred incentive that generally becomes earned and payable over a period of four years after grant. Deferred incentives will be cancelled in case of detrimental conduct and, for certain key risk takers may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to the Bank's standards, the value of the deferred incentive award made may be impacted.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

Key Personnel Identification and Pay

The Company operates an enterprise-wide approach in the identification of material risk takers, which has included determining where senior management and Key Personnel (or equivalent designations) are located. Senior management, for the purposes of the Guideline, are those employees “who are responsible for oversight of the [Company’s] firm-wide strategy or activities or those of the [Company’s] material business lines (including, by not limited to, executive directors, the chief executive and other senior executives).” Key Personnel includes individual employees “whose duties or activities in the course of their employment involve the assumption of material risk or the taking on of material exposures on behalf of the [Company or their local employing entity].” The Company considers that it applies its remuneration policies (including the determination of senior management and Key Personnel) in a way that is appropriate to the size, internal organization and the nature, scope and complexity of its activities in all the countries in which it operates.

Variable pay for Key Personnel generally consists of a mixture of payments and deferred awards. Deferred awards will be cancelled in case of detrimental conduct and, for certain key risk takers may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to Company standards, the value of the deferred incentive award made may be impacted. The deferral rates for Key Personnel range from approximately 41%-66% of total variable remuneration.

By combining cancellation and detrimental conduct clawback provisions, the Company believes that it places a strong focus on sustainable long-term results and appropriate behaviors.

Quantitative Disclosures and Tables

The Committee held nine (9) meetings in 2022 and ten (10) in 2023. The 2022 remuneration of the Committee members is disclosed in the 2023 Proxy statement available on Bank of America’s Investor Relations website. 2023 remuneration of the Committee members will similarly be disclosed in the 2024 Proxy statement, anticipated to be available in first quarter 2024, based on past precedent.

Bank of America, N.A. Hong Kong Branch is one of the banking businesses operated in Hong Kong by Bank of America. For performance year 2023, the Bank of America, N.A. Hong Kong Branch employed approximately 440 employees.

The following disclosure tables contain the information required under paragraphs (16ZR) to (16ZV) of the Banking (Disclosure) (Amendment) Rules 2018 (Section 21: Division 9 – Remuneration) in respect of Bank of America, N.A. Hong Kong Branch related to employees identified as Key Personnel. There were no employees of the Bank of America, N.A. Hong Kong Branch identified as senior management. Senior employees, including risk control functions, at Bank of America, N.A. Hong Kong Branch have functional reporting lines to more senior Bank of America employees in other countries who are covered by local and/or regional regulations and who are reported as senior management and/or Key Personnel equivalents in their respective countries.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

Quantitative Disclosures and Tables (continued)

16ZT. Remuneration awarded during financial year - annual disclosures

(USD 000's)			2023	2022
Remuneration amount and quantitative information			Key personnel	Key personnel
1	Fixed remuneration	Number of employees	2	2
2		Total fixed remuneration	878	878
3		- Of which: cash-based	878	878
4		Of which: deferred	—	—
5		- Of which: shares or other share-linked instruments	—	—
6		Of which: deferred	—	—
7		- Of which: other forms	—	—
8		Of which: deferred	—	—
9	Variable remuneration	Number of employees	2	2
10		Total variable remuneration	1,003	1,126
11		- Of which: cash-based	382	394
12		Of which: deferred	—	—
13		- Of which: shares or other share-linked instruments	622	732
14		Of which: deferred	622	732
15		- Of which: other forms	—	—
16		Of which: deferred	—	—
17	Total remuneration		1,881	2,004

16ZU. Special payments - annual disclosures

(USD 000's)				(e)	(f)
Special payments		Guaranteed bonuses		Severance payments	
		# of EE	Total \$	# of EE	Total \$
2023	Key personnel	—	—	—	—
2022	Key personnel	—	—	1	249

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) Remuneration system (continued)

Quantitative Disclosures and Tables (continued)

16ZV. Deferred remuneration - annual disclosures

(USD 000's)	(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration	Total amount of outstanding deferred remuneration (as of Dec 31)	Of which: Total amount of outstanding and deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment (as of Dec 31)	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
2023 Key personnel					
1 - Cash	—	—	—	—	—
2 - Shares	1,442	1,442	—	21	228
3 - Cash-linked instruments	—	—	—	—	—
4 - Other	—	—	—	—	—
2022 Key personnel					
5 - Cash	—	—	—	—	—
6 - Shares	1,022	1,022	—	432	377
7 - Cash-linked instruments	—	—	—	—	—
8 - Other	—	—	—	—	—

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

XI. SUPPLEMENTARY INFORMATION (Liquidity Risk Management)

Liquidity risk management

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.

It is present in each of our lines of business and in enterprise activities conducted by Bank of America Corporation (“BAC” or the “Parent”) and its Subsidiaries. The Bank of America Corporation Liquidity Risk Policy (“BAC LRP”) establishes requirements and accountabilities for managing liquidity risk at BAC and its Subsidiaries in conformity with applicable laws, rules and regulations. The BAC LRP also outlines requirements for uniformity in liquidity risk management practices in alignment with the Bank of America Risk Framework and BAC Risk Appetite Statement.

Bank of America, National Association Hong Kong Branch (“BANA Hong Kong”) is a branch of Bank of America, National Association that adheres to global standards for liquidity risk management, as established by the BAC LRP. The BAC LRP permits Subsidiary- or branch-specific liquidity risk policies as deemed necessary by Global Risk Management (“GRM”) or by regulatory requirement. The purpose of BANA Hong Kong Liquidity Risk Policy (“BANA Hong Kong LRP”) is to establish specific local governance, controls, and risk management practices necessary to monitor and manage liquidity risk within BANA Hong Kong in accordance with local regulatory requirements and tailored to BANA Hong Kong’s unique liquidity risk profile. The BANA Hong Kong LRP is used to articulate differences from the BAC LRP and should be reviewed in conjunction with the BAC LRP to provide comprehensive background and context.

As described in the Risk Framework, BAC assigns clear accountability for managing risk across three lines of defense: 1) Front Line Units (“FLUs”); 2) independent risk management; and 3) Corporate Audit. All of BANA Hong Kong’s lines of business are categorized as FLUs; in addition, certain areas within Company-wide control functions are also categorized as FLUs. For example, Treasury is a FLU responsible for managing BANA Hong Kong’s liquidity and funding position.

FLUs are the first line of defense and have primary responsibility for managing liquidity risk inherent in their businesses. FLUs actively identify, escalate and debate liquidity risks related to their activities both internally and to independent risk management.

GRM, a second line of defense, oversees the risk management governance structure, establishes liquidity risk policies, reports and monitors all liquidity risk related limits, and provides effective challenge and an independent view of BANA Hong Kong’s liquidity risk management processes. GRM is also accountable for providing timely and accurate liquidity risk reporting to risk governance committees.

Corporate Audit, in its role as the third line of defense, provides independent assessment and validation through testing of key processes and controls across BANA Hong Kong.

The BANA Hong Kong Asset and Liability Committee (“ALCO”) is a council responsible for monitoring and management of interest rate, liquidity and capital and the market and business trends that impact them, at the local, branch level. The Council escalates any issues requiring the attention of a risk management committee to the Asset and Liability Governance Committee (“ALGC”) of BANA.

The BAC LRP and BANA Hong Kong LRP determine the approach to liquidity risk management and combined with local liquidity risk limits define the overall liquidity risk appetite for BANA Hong Kong. BANA Hong Kong LRP is approved by ALCO.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

SUPPLEMENTARY INFORMATION (Liquidity Risk Management) (Continued)

BANA Hong Kong performs periodic liquidity reporting which enables liquidity risk monitoring and appropriate risk escalation, which includes defined protocols for limit breaches and emerging risks and issues. Regular liquidity risk reports are sent to the ALCO.

BANA Hong Kong has funding strategy documented and reviewed at ALCO. The document highlights how different products are funded, including its source, currency, funding instrument, funding tenor, and funding source concentration.

For liquidity risk mitigation, BANA Hong Kong has below key components:

- The BANA Hong Kong LRP, which formally articulates the principles for managing liquidity risk within BANA Hong Kong, including requirements for internal stress testing, limits and risk indicators, reporting and monitoring, roles and accountabilities and regulatory requirements;
- Liquidity risk limits, established by Enterprise Financial Risk and approved by ALCO, requiring BANA Hong Kong to maintain sufficient excess liquidity resources and to comply with regulatory requirements; and
- The Hong Kong Contingency and Recovery Plan ("HK FCFP"), which details management's strategy to address potential liquidity shortfalls during periods of stress.

BANA Hong Kong has developed a robust internal liquidity stress testing approach to monitor and measure liquidity stress impacts across several time horizons. It progressively has severe scenarios that incorporate market wide and Company-specific events. The stress tests are used to monitor and analyze the level of cash inflows and outflows including contractual and contingent flows, and to estimate the LMR position during a stress event. The results are reviewed by ALCO regularly. The Hong Kong's Financial Contingency and Recovery Plan describes a cohesive financial contingency planning framework to effectively respond to financial stress in an organized and coordinated manner. The Plan provides details of quantitative and qualitative indicators, protocols, and a set of potential options that may be taken to raise cash during various liquidity stress environments.

BANA CFP is the branch's ALCO's as well as management's strategy and procedures to address potential liquidity shortfalls during periods of stress. The plan includes an inventory of key indicators monitored to detect potential emerging liquidity stress, procedures for activating and deactivating the BANA CFP, and quantitative analysis of actions that may be taken to raise cash during various liquidity stress environments.

BANA Hong Kong has reviewed and approved via the local ALCO Short Term and Long Term Cash Flow forecast assumptions which highlights the customized tools and methodologies at which BANA Hong Kong's balance sheet and cash flow are projected.

For Liquidity exposure and funding, BANA Hong Kong has monthly process of forward looking forecasts of balance sheet by product, by currency, and by business line allows determination of liquidity exposures and funding needs for BANA Hong Kong. BANA Hong Kong relies on funding from the Parent and its centralized liquidity pool. BANA Hong Kong performed an assessment to demonstrate sufficiency, availability and transferability of funds from the Parent to meet liquidity needs in Hong Kong in a timely manner.

Bank of America, N.A, Hong Kong Branch

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SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

SUPPLEMENTARY INFORMATION (Liquidity Risk Management) (Continued)

BANA Hong Kong's analysis of on- and off-balance sheet items by remaining maturity and the resultant liquidity gaps as at 31st December 2023 is show as follow:

(HK \$ million)	Repayable on Demand	Within 1 month	>1 month up to 3 months	>3 months up to 1 year	>1 year up to 5 years	over 5 years	undated or overdue
Placement with banks and other financial institutions	41,181	3,587	3,132	1,229	1,572	—	—
Advances to customers, acceptances and bills of exchange held	2,464	4,401	2,614	7,310	22,345	—	476
Debt securities, prescribed instruments and structured financial instruments held	8,806	—	—	—	—	—	—
Other assets	46	586	981	480	1,037	197	175
Total on-balance sheet assets	52,497	8,573	6,727	9,018	24,954	197	651
Total off-balance sheet claims	—	—	—	—	—	—	—
Deposit with banks and other financial institutions	4,264	2,621	10,566	10,936	27,288	1,016	—
Deposit from customers	31,740	7,068	—	—	—	—	—
Other liabilities and capital	161	2,376	834	1,296	501	197	1,088
Total on-balance sheet liabilities	36,165	12,064	11,400	12,233	27,788	1,213	1,088
Total off-balance sheet obligations	367	426	1,113	3,136	17,435	743	289
Contractual maturity mismatch	15,966	(3,917)	(5,786)	(6,351)	(20,270)	(1,758)	
Cumulative contractual maturity mismatch	15,966	12,049	6,263	(88)	(20,358)	(22,116)	

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION C – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)

I. CAPITAL AND CAPITAL ADEQUACY

	31-Dec-23	30-Jun-23
	US\$ Million	US\$ Million
- Common Equity Tier 1 Capital ratio (Standardized Approach)	11.80%	11.60%
- Common Equity Tier 1 Capital ratio (Advanced Approach)	13.40%	13.20%
- Tier 1 Capital Ratio (Standardized Approach)	13.50%	13.30%
- Tier 1 Capital Ratio (Advanced Approach)	15.30%	15.20%
- Total Capital Ratio (Standardized Approach)	15.20%	15.10%
- Total Capital ratio (Advanced Approach)	16.60%	16.70%
	US\$ Million	US\$ Million
- The aggregate amount of shareholders' equity	291,646	283,319
- Risk-weighted assets (Standardized Approach)	1,650,827	1,638,481
- Risk-weighted assets (Advanced Approach)	<u>1,458,558</u>	<u>1,435,692</u>

The capital adequacy ratio is calculated in accordance with the Basel Capital Accord. In addition, the Bank has incorporated a measure for market risk in their regulatory capital calculations in accordance with the regulatory capital guidelines jointly issued by the Federal Reserve Bank, the Office of the Comptroller of the Currency and the Federal Deposit Insurance Corporation. Besides, the Regulatory capital ratios reflect the transition provisions of Basel 3.

Bank of America, N.A, Hong Kong Branch

Pillar III Disclosure

SECTION C – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)

II. OTHER FINANCIAL INFORMATION

	31-Dec-23	30-Jun-23
	US\$ Million	US\$ Million
- Total assets	3,179,876	3,122,633
- Total liabilities	2,888,230	2,839,314
- Total advances (net of allowances)	1,040,390	1,038,274
- Total customer deposits	1,923,827	1,877,209
	31-Dec-23	30-Jun-23
	US\$ Million	US\$ Million
- Pre-tax profit	32,736	19,179

A copy of the Disclosure Statement has been lodged with the Hong Kong Monetary Authority's Public Registry and is available on the website <https://www.bofaml.com/en-us/content/apac-hongkong.html>, for public inspection.