

Bank of America, National Association
Hong Kong Branch
Disclosure Statement
June 30, 2024

Bank of America, N.A, Hong Kong Branch

Pillar 3 Disclosure

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT INFORMATION

	30-Jun-24	30-Jun-23
	HK\$'000	HK\$'000
Interest income	2,770,563	2,886,311
Interest expense	(2,169,063)	(1,954,468)
Net interest income	<u>601,500</u>	<u>931,843</u>
Other operating income		
(Losses)/Gains arising from trading in foreign currencies	(23,386)	(75,205)
Losses on securities held for trading purposes	55,932	(13,798)
Gains arising from trading in interest rate derivatives	3,091	6,023
(Losses)/Gains arising from trading in other derivatives	(3,831)	(27,056)
Fees and commissions		
Income	703,469	649,259
Expense	(1,462)	(397)
Other Income	585	596
	<u>734,398</u>	<u>539,422</u>
Total revenue	1,335,898	1,471,265
Operating expenses		
Staff expenses	(306,231)	(360,107)
Rental expenses	(77,291)	(73,811)
Other operating expenses		
Depreciation expenses	(873)	(652)
Group servicing fee	(226,407)	(263,306)
Telecom expenses	(2,488)	(4,437)
Equipment expenses	(1,716)	(4,589)
Legal and Professional fee	(3,875)	(3,444)
Travel expenses	(4,391)	(3,040)
Subscription fee	(3,749)	(2,934)
Other miscellaneous expenses	(150,046)	(97,881)
	<u>(777,067)</u>	<u>(814,201)</u>
Operating profit before provisions	558,831	657,064
Impairment allowance (charged)/credit	196,897	(5,691)
Profit before taxation	<u>755,728</u>	<u>651,373</u>
Tax expense	(132,965)	(118,285)
Profit after taxation	<u><u>622,763</u></u>	<u><u>533,088</u></u>

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

II. BALANCE SHEET DATA

	30-Jun-24	31-Dec-23
	HK\$'000	HK\$'000
ASSETS		
Cash and balances with banks	4,061,971	4,501,554
Due from Exchange Fund	1,826,005	1,729,001
Placements with banks and financial institutions maturing		
- Within one month	33,012	3,002,011
- Between one and twelve months	6,944,137	5,902,248
Amount due from overseas offices of the institution	42,269,082	35,501,583
Trade bills, net of impairment allowance	—	—
Trading securities, at fair value		
- Other securities	13,231,960	8,801,638
Advances to customers and other receivables, net of impairment allowance	32,667,090	38,580,199
Property, plant & equipment	15,206	7,136
Other assets	1,667,852	2,404,684
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TOTAL ASSETS	102,716,315	100,430,054
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LIABILITIES		
Deposits and balances from banks	314,051	340,578
Current, savings and other deposit accounts of customers		
- demand deposits and current accounts	34,615,017	25,837,975
- saving deposits	2,130,003	1,633,004
- time, call and notice deposits	12,088,994	11,320,207
Amount due to overseas offices of the institution	51,598,760	57,689,688
Provision for commitments and contingent liabilities	13,948	22,708
Other accounts & accruals	1,955,542	3,585,894
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TOTAL LIABILITIES	102,716,315	100,430,054
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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

	30-Jun-24 HK\$'000	31-Dec-23 HK\$'000
(i) Trade Bills, net of impairment allowance		
Trade Bills	75,880	75,912
Impairment allowance		
Collective assessment	—	—
Individual assessment	(75,880)	(75,912)
	<u>—</u>	<u>—</u>
	<u><u>—</u></u>	<u><u>—</u></u>
(ii) Advances to customers and other receivables, net of impairment allowance		
Advances to customers	33,299,016	39,334,158
Impairment allowance		
Collective assessment	(334,264)	(377,627)
Individual assessment	(428,671)	(575,183)
	<u>32,536,081</u>	<u>38,381,348</u>
Provision on accrued interest	(1,431)	—
Accrued interests	132,440	198,851
	<u>32,667,090</u>	<u>38,580,199</u>
	<u><u>32,667,090</u></u>	<u><u>38,580,199</u></u>
(iii) Commitments and contingent liabilities, net of impairment allowance		
Commitments and contingent liabilities	10,729,489	11,267,663
Impairment allowance		
Collective assessment	(13,948)	(22,708)
Individual assessment	—	—
	<u>10,715,541</u>	<u>11,244,955</u>
	<u><u>10,715,541</u></u>	<u><u>11,244,955</u></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)

	30-Jun-24 HK\$'000	31-Dec-23 HK\$'000
(iv) Analysis of overdue and rescheduled advances		
Overdue advances to customers		
More than one year	391,897	399,615
	<u>391,897</u>	<u>399,615</u>
	<u><u>391,897</u></u>	<u><u>399,615</u></u>
Individually assessed allowance made in respect of overdue advances to customers		
More than one year	467,777	475,527
	<u>467,777</u>	<u>475,527</u>
	<u><u>467,777</u></u>	<u><u>475,527</u></u>
Overdue advances to customers as a percentage of total advances to customers		
More than one year	1.18 %	1.02 %
	<u>1.18 %</u>	<u>1.02 %</u>
	<u><u>1.18 %</u></u>	<u><u>1.02 %</u></u>

As at Jun 30, 2024 and Dec 31, 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)

	30-Jun-24 HK\$'000	31-Dec-23 HK\$'000
(v) Impaired advances to customers and allowance		
Impaired advances to customers	538,991	1,101,885
Individually assessed allowance	428,671	575,183
Impaired advances to customers as a percentage of total advances to customers	1.62 %	2.80 %
(vi) Analysis of other assets which have been overdue		
Overdue trade bills		
More than one year	75,880	75,912
Individually assessed allowance made in respect of	75,880	75,912
More than one year	75,880	75,912
Overdue trade bills as a percentage of total trade bills	100.00 %	100.00 %
(vii) As at Jun 30, 2024 and Dec 31, 2023, the Branch had no repossessed assets.		

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IV. OFF-BALANCE SHEET EXPOSURES

	30-Jun-24 HK\$'000	31-Dec-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	383,424	450,073
- Transaction-related contingencies	237,067	251,099
- Trade-related contingencies	2,054,304	1,987,896
- Other commitments	21,683,287	20,818,807
	24,358,082	23,507,875
	24,358,082	23,507,875

The notional amount of derivatives contracts are as follow:

- Exchange rate contracts	92,943,955	147,230,501
- Interest rate contracts	13,850,370	15,046,066
	106,794,325	162,276,567
	106,794,325	162,276,567

(ii) The fair value of the above derivatives contracts are as follow:

Fair value assets		
- Exchange rate contracts	681,772	1,473,587
- Interest rate contracts	246,961	332,898
	928,733	1,806,485
	928,733	1,806,485
Fair value liabilities		
- Exchange rate contracts	589,974	1,473,946
- Interest rate contracts	209,267	289,221
	799,242	1,763,167
	799,242	1,763,167

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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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

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:

	30-Jun-24		31-Dec-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	—	—	—	—
- Financial Concerns	1,253,260	—	1,363,714	—
- Wholesale & Retail Trade	21,145	—	224,179	—
- Manufacturing	2,994,074	—	3,942,490	—
- Transport & Transport equipment	1,327,403	—	2,307,964	—
- Electricity & Gas	—	—	—	—
- Recreational activities	—	—	—	—
- Information Technology	429,338	—	225,762	—
- All others	4,192,020	—	3,948,485	—
	<u>10,217,240</u>	<u>—</u>	<u>12,012,594</u>	<u>—</u>
Individuals	30,891	—	25,459	—
Trade Finance	4,937,818	—	4,912,281	—
Advances for use outside Hong Kong	<u>18,113,067</u>	<u>—</u>	<u>22,383,824</u>	<u>—</u>
	<u><u>33,299,016</u></u>	<u><u>—</u></u>	<u><u>39,334,158</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:

	30-Jun-24	31-Dec-23
	HK\$'000	HK\$'000
By countries or geographical areas:		
- Hong Kong	10,046,063	18,349,931
- India	7,710,755	9,510,145
- Mauritius	520,551	2,493,959
- United States	4,332,009	1,763,375
- Netherlands	609,058	1,681,082
- China	7,869,542	1,393,973
- United Kingdom	274	1,402,997
- Switzerland	781,910	207,566
- Nigeria	—	742,097
- Macau	917,350	702,000
- Luxembourg	56	457,405
- Malawi	—	257,781
- Cayman Islands	75,165	205,593
- Bermuda	—	21,515
- Mexico	35,304	29,475
- Singapore	80,145	85,964
- Malaysia	5,606	16,987
- South Korea	163,938	6,119
- Thailand	—	5,239
- Japan	144	—
- Ireland	4,476	802
- Germany	145,000	—
- Australia	409	—
- Sweden	365	—
- Canada	206	—
- France	315	155
- Italy	7	—
- Spain	1	—
- Denmark	138	—
- Jersey	137	—
- Brazil	90	—
	33,299,016	39,334,158

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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	277,987	278,105
- China	38,797	38,813
- Cayman Islands	75,114	82,698
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	391,897	399,615
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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:

	30-Jun-24	31-Dec-23
	HK\$'000	HK\$'000
- Hong Kong	425,081	980,375
- Cayman Islands	75,114	82,697
- China	38,797	38,813
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	538,991	1,101,885
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(v) Analysis of overdue trade bills by countries or geographical areas:

- Hong Kong	75,880	75,912
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	75,880	75,912
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(vi) Analysis of impaired trade bills by countries or geographical areas:

- Hong Kong	75,880	75,912
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	75,880	75,912
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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

VI. INTERNATIONAL CLAIMS

		Banks	Official Sector	<u>Non-bank private sector</u>		Total
				Non-bank financial institutions	Non-financial private sector	
As at 30 Jun, 2024		HK\$ Million				
-	Developed countries	42,303	—	—	3,948	46,251
	of which: - United States	42,292	—	—	2,272	44,564
-	Offshore centers	-351	—	2,601	11,636	13,885
	of which: - Hong Kong SAR	-351	—	2,601	10,463	12,712
-	Developing Asia-Pacific	12,905	3,042	622	11,946	28,514
	of which: - China	5,529	2,730	—	4,127	12,386
	- India	3,472	—	—	7,818	11,290
	- South Korea	3,587	311	622	—	4,520
	- Indonesia	316	—	—	—	316
		54,857	3,042	3,223	27,530	88,650
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

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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>OTH</u>	<u>Total</u>
As at 30 Jun, 2024		HK\$ Million	
Spot assets	76,258	12,057	88,315
Spot liabilities	(71,078)	(10,279)	(81,357)
Forward purchases	35,722	32,913	68,635
Forward sales	(40,948)	(34,344)	(75,292)
Net option position	—	—	—
Net (short)/long position	(46)	347	301
Net structural position	—	—	—
	<u>USD</u>	<u>OTH</u>	<u>Total</u>
As at 31 Dec, 2023		HK\$ Million	
Spot assets	76,512	7,950	84,462
Spot liabilities	(66,360)	(10,728)	(77,088)
Forward purchases	59,226	72,036	131,262
Forward sales	(69,434)	(69,185)	(138,619)
Net option position	—	—	—
Net (short)/long position	(56)	73	17
Net structural position	—	—	—

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

VIII. LIQUIDITY INFORMATION

(i) Liquidity ratio

	<u>Quarter ended</u> 30-Jun-24	<u>Quarter ended</u> 30-Jun-23
The average liquidity maintenance ratio for the financial period (“Average LMR”)	62.32 %	62.62 %
Average Core Funding ratio (“CFR”) for 3 months period	279.57 %	220.36 %

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 30 Jun, 2024		As at 31 Dec, 2023	
	Total amount HK\$'000	As % of total liabilities	Total amount HK\$'000	As % of total liabilities
Significant funding instruments				
- Funding raised from connected parties	64,374,236	62.68 %	69,181,902	68.90 %
- Funding raised from banks	254,830	0.25 %	229,689	0.23 %
- Deposit from customers	35,822,693	34.88 %	26,055,895	25.95 %

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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 30 Jun, 2024	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	4,060,136	29,281	4,089,417
Local governments, local government-owned entities and their subsidiaries and JVs	2	267,994	—	267,994
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	9,931,391	2,740,125	12,671,516
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	637,925	895,556	1,533,481
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	—	195,206	195,206
Total	8	14,897,446	3,860,168	18,757,614
Total assets after provision	9	102,702,367		
On-balance sheet exposures as percentage of total assets	10	14.51%		

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

IX. MAINLAND ACTIVITIES (CONTINUED)

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	690,054	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 B – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)

I. CAPITAL AND CAPITAL ADEQUACY

	30-Jun-24	31-Dec-23
	US\$ Million	US\$ Million
- Common Equity Tier 1 Capital ratio (Standardized Approach)	11.90%	11.80%
- Common Equity Tier 1 Capital ratio (Advanced Approach)	13.50%	13.40%
- Tier 1 Capital Ratio (Standardized Approach)	13.50%	13.50%
- Tier 1 Capital Ratio (Advanced Approach)	15.30%	15.30%
- Total Capital Ratio (Standardized Approach)	15.10%	15.20%
- Total Capital ratio (Advanced Approach)	16.40%	16.60%
	US\$ Million	US\$ Million
- The aggregate amount of shareholders' equity	293,892	291,646
- Risk-weighted assets (Standardized Approach)	1,661,755	1,650,827
- Risk-weighted assets (Advanced Approach)	1,468,876	1,458,558

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.

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Pillar III Disclosure

II. OTHER FINANCIAL INFORMATION

	30-Jun-24	31-Dec-23
	US\$ Million	US\$ Million
- Total assets	3,257,996	3,179,876
- Total liabilities	2,964,104	2,888,230
- Total advances (net of allowances)	1,043,547	1,040,390
- Total customer deposits	1,910,491	1,923,827
	30-Jun-24	30-Jun-23
	US\$ Million	US\$ Million
- Pre-tax profit	17,649	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.