

Bank of America, National Association

Hong Kong Branch

Interim Disclosure Statement

June 30, 2015

BANK OF AMERICA, NATIONAL ASSOCIATION
HONG KONG BRANCH
June 30, 2015

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT INFORMATION	Jun 30, 2015	Jun 30, 2014
	HK\$'000	HK\$'000
Interest income	724,707	890,019
Interest expense	(176,461)	(214,385)
	<hr/>	<hr/>
Net interest income	548,246	675,634
Other operating income/ (loss)		
Gains/ (loss) arising from trading in foreign currencies	(3,391)	47,269
Gains/ (loss) on securities held for trading	6,447	75,194
Gains/ (loss) arising from trading in interest rate derivatives	5,135	-
Gains/ (loss) arising from trading in other derivative	(6,950)	(22,714)
Fees and commissions		
- Income	520,982	474,601
- Expense	(697)	(1,777)
Other investments	14,517	-
Other income	3,647	1,301
	<hr/>	<hr/>
	539,690	573,874
	<hr/>	<hr/>
Total revenue	1,087,936	1,249,508
Operating expenses		
Staff expenses	(382,081)	(393,726)
Rental expenses	(49,745)	(73,760)
Other operating expenses		
- Depreciation expenses	(1,046)	(1,686)
- Group servicing fee	(210,749)	(202,828)
- Telecom expenses	(2,289)	(3,191)
- Equipment expenses	(1,922)	(1,879)
- Legal and Professional fee	(6,860)	(17,617)
- Travel expenses	(13,394)	(14,542)
- Subscription fee	(2,528)	(7,524)
- Other miscellaneous expenses	(125,707)	(178,497)
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	(796,321)	(895,250)
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Operating profit before provisions	291,615	354,258
Impairment allowance charged	(176,587)	(39,938)
	<hr/>	<hr/>
Operating profit	115,028	314,320
Gains/ (loss) from disposal of property, plant and equipment	-	-
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Profit before taxation	115,028	314,320
Tax expense	(21,420)	(51,797)
	<hr/>	<hr/>
Profit/ (loss) after taxation	93,608	262,523
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II. BALANCE SHEET DATA

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
ASSETS		
Cash and balances with banks	1,910,831	1,525,101
Due from Exchange Fund	6,218,651	7,424,470
Placements with banks and financial institutions maturing		
- Within one month	8,097,424	3,255,386
- Between one and twelve months	16,854,558	16,859,224
Amount due from overseas offices of the institution	8,055,409	17,363,822
Trade bills, net of impairment allowance	2,290,944	6,414,923
Certificate of Deposit	4,056,381	4,842,310
Trading securities, at fair value		
- Other securities	10,391,023	6,583,057
Advances to customers and other receivables, net of impairment allowance	54,587,962	38,324,379
Property, plant & equipment	29,969	32,790
Other assets	1,512,366	1,157,243
	<hr/>	<hr/>
TOTAL ASSETS	114,005,518	103,782,705
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LIABILITIES		
Deposits and balances from banks	3,308,438	2,411,903
Current, savings and other deposit accounts of customers		
- demand deposits and current accounts	15,357,565	14,195,460
- saving deposits	3,391,522	3,018,557
- time, call and notice deposits	13,343,416	15,248,457
Amount due to overseas offices of the institution	73,233,967	67,143,590
Provision for commitments and contingent liabilities	80,270	80,073
Other accounts & accruals	5,290,340	1,684,665
	<hr/>	<hr/>
TOTAL LIABILITIES	114,005,518	103,782,705
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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
(i) Trade Bills, net of impairment allowance		
Trade Bills	2,389,168	6,559,669
Impairment allowance		
- Collective assessment	(22,889)	(69,381)
- Individual assessment	(75,335)	(75,365)
	<u>2,290,944</u>	<u>6,414,923</u>
	=====	=====
(ii) Advances to customers and other receivables, net of impairment allowance		
Advances to customers	55,105,442	38,658,124
Impairment allowance		
- Collective assessment	(576,905)	(408,968)
- Individual assessment	(257,782)	(203,049)
	<u>54,270,755</u>	<u>38,046,107</u>
	=====	=====
Accrued interests	317,207	278,272
	<u>54,587,962</u>	<u>38,324,379</u>
	=====	=====
(iii) Commitments and contingent liabilities, net of impairment allowance		
Commitments and contingent liabilities	17,161,424	14,337,396
Impairment allowance		
- Collective assessment	(23,630)	(15,331)
- Individual assessment	(56,640)	(64,742)
	<u>17,081,154</u>	<u>14,257,323</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 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)

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
(iv) Analysis of overdue and rescheduled advances		
Overdue advances to customers		
- Six months or less but more than three months	-	-
- One year or less but more than six months	-	-
- More than one year	221,887	203,049
	<hr/>	<hr/>
	221,887	203,049
	=====	=====
Individually assessed allowance made in respect of overdue advances to customers		
- Six months or less but more than three months	-	-
- One year or less but more than six months	-	-
- More than one year	221,887	203,049
	<hr/>	<hr/>
	221,887	203,049
	=====	=====
Overdue advances to customers as a percentage of total advances to customers		
- Six months or less but more than three months	-	-
- One year or less but more than six months	-	-
- More than one year	0.40%	0.53%
	<hr/>	<hr/>
	0.40%	0.53%
	=====	=====

As at Jun 30, 2015 and Dec 31, 2014, 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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III. ADDITIONAL BALANCE SHEET INFORMATION (Continued)

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
(v) Impaired advances to customers and allowance		
- Impaired advances to customers	293,692	203,049
	=====	=====
- Individually assessed allowance	257,782	203,049
	=====	=====
- Impaired advances to customers as a percentage advances to customers	0.53%	0.53%
	=====	=====

As at Jun 30, 2015 and Dec 31, 2014, there was no collateral held in respect of impaired advances to customers. There was no impaired advance to banks & other financial institutions.

(vi) Analysis of other assets which have been overdue

Overdue trade bills

- Six months or less but more than three months	-	-
- One year or less but more than six months	-	-
- More than one year	75,335	75,365
	-----	-----
	75,335	75,365
	=====	=====

Individually assessed allowance made in respect of

- Six months or less but more than three months	-	-
- One year or less but more than six months	-	-
- More than one year	75,335	75,365
	-----	-----
	75,335	75,365
	=====	=====

- Overdue trade bills as a percentage of total trade bills	3.15%	1.15%
	=====	=====

(vii) As at Jun 30, 2015 and Dec 31, 2014, the Branch had no repossessed assets.

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IV. OFF-BALANCE SHEET EXPOSURES

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	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	671,681	631,347
- Transaction-related contingencies	188,670	125,766
- Trade-related contingencies	9,591,612	8,328,479
- Other commitments	21,953,624	20,122,055
- Forward forward deposit placed	5,556,321	-
	<u>37,961,908</u>	<u>29,207,647</u>
	=====	=====
 The notional amount of derivatives contracts are as follow:		
- Exchange rate contracts	145,329,785	96,657,872
- Interest rate contracts	150,135,097	101,388,393
	<u>295,464,882</u>	<u>198,046,265</u>
	=====	=====
 The contract amount of these instruments indicates the volume of transactions outstanding as at the balance sheet date, they do not represent the value at risk.		
(ii) The fair value of the above derivatives contracts are as follow:		
Fair value assets		
- Exchange rate contracts	972,822	712,568
- Interest rate contracts	230,260	272,074
	<u>1,203,082</u>	<u>984,642</u>
	=====	=====
Fair value liabilities		
- Exchange rate contracts	916,982	525,234
- Interest rate contracts	230,297	272,074
	<u>1,147,279</u>	<u>797,308</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:

	Jun 30, 2015		Dec 31, 2014	
	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	9,816,071	-	-	-
- Property Investment	-	-	630,000	-
- Financial Concerns	4,112,124	-	9,114,649	-
- Wholesale & Retail				
Trade	1,412,036	304,274	1,695,601	304,297
- Manufacturing	3,777,997	775,225	3,913,278	915,125
- Transport & Transport				
Equipment	426,322	-	-	-
- Electricity & Gas	1,039,070	-	1,670,734	-
- Recreational activities	258,408	-	258,510	-
- Information Technology	372,652	-	146,428	-
- All others	6,148,063	-	2,260,365	-
	<u>27,362,743</u>	<u>1,079,499</u>	<u>19,689,565</u>	<u>1,219,422</u>
Individuals	3,707	-	-	-
Trade Finance	12,505,859	232,568	9,932,230	232,659
Advances for use outside Hong Kong	15,233,133	-	9,036,329	-
	<u>55,105,442</u>	<u>1,312,067</u>	<u>38,658,124</u>	<u>1,452,081</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:

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
By countries or geographical areas:		
- Hong Kong	37,582,746	25,725,495
- China	6,334,775	7,027,162
- Cayman Islands	2,638,408	95,778
- USA	2,419,184	2,149,632
- Macau	5,021,405	3,367,825
- South Korea	275,328	47,874
- Singapore	142,837	-
- England	3,596	1,347
- Luxembourg	9,151	-
- Germany	67,000	-
- India	611,004	242,992
- Others	8	19
	<u>55,105,442</u>	<u>38,658,124</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:

- China	41,870	42,141
- Hong Kong	160,845	160,908
- Cayman Islands	90,977	-
	<u>293,692</u>	<u>203,049</u>
	=====	=====

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

- China	41,870	42,141
- Hong Kong	160,845	160,908
- Cayman Islands	55,067	-
	<u>257,782</u>	<u>203,049</u>
	=====	=====

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V. SEGMENTAL INFORMATION (Continued)

	Jun 30, 2015	Dec 31, 2014
	HK\$'000	HK\$'000
(v) Analysis of overdue trade bills by countries or geographical areas:		
- China	-	-
- Hong Kong	75,335	75,365
	<u>75,335</u>	<u>75,365</u>
	=====	=====
(vi) Analysis of impaired trade bills by countries or geographical areas:		
- China	-	-
- Hong Kong	75,335	75,365
	<u>75,335</u>	<u>75,365</u>
	=====	=====

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VI. INTERNATIONAL CLAIMS

	Banks	Official Sector	<u>Non-bank private sector</u>		Total
			Non-bank financial institutions	Non-financial private sector	
	HK\$ Million				
As at Jun 30, 2015					
- Developed countries	9,688	-	559	4,559	14,806
of which :					
- Australia	492	-	-	94	586
- Canada	-	-	-	2,043	2,043
- Luxembourg	-	-	-	9	9
- Netherlands	18	-	-	-	18
- New Zealand	12	-	-	-	12
- United Kingdom	33	-	559	-	592
- United States	9,120	-	-	2,413	11,533
- Switzerland	13	-	-	-	13
- Offshore centres	3,429	209	8,594	31,880	44,112
of which :					
- Cayman Islands	-	-	1,028	1,612	2,640
- Hong Kong SAR	2,974	209	5,644	27,208	36,035
- Macau SAR	-	-	1,922	2,565	4,487
- Singapore	455	-	-	490	945
- West Indies UK	-	-	-	5	5
- Developing Africa and Middle East	2,995	-	-	-	2,995
of which :					
- United Arab Emirates	2,818	-	-	-	2,818
- Qatar	177	-	-	-	177
- South Africa	-	-	-	-	-
- Developing Asia-Pacific	30,434	3,741	351	5,162	39,688
of which :					
- China	22,127	2,774	351	4,621	29,873
- Chinese Taipei	486	-	-	-	486
- India	4,813	-	-	264	5,077
- Indonesia	895	-	-	-	895
- Malaysia	69	-	-	-	69
- Philippines	159	-	-	-	159
- South Korea	1,854	967	-	277	3,098
- Vietnam	31	-	-	-	31
	<u>46,546</u>	<u>3,950</u>	<u>9,504</u>	<u>41,601</u>	<u>101,601</u>
	=====	=====	=====	=====	=====

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VI. INTERNATIONAL CLAIMS (Continued)

	Banks	Official Sector	<u>Non-bank private sector</u>		Total
			Non-bank financial institutions	Non-financial private sector	
	HK\$ Million				
As at Dec 31, 2014					
- Developed countries	17,863	-	147	4,395	22,405
of which :					
- Australia	-	-	-	103	103
- Canada	-	-	-	2,043	2,043
- Luxembourg	-	-	-	-	-
- Netherlands	68	-	-	-	68
- New Zealand	1	-	-	-	1
- United Kingdom	20	-	147	1	168
- United States	17,774	-	-	2,248	20,022
- Switzerland	-	-	-	-	-
- Offshore centres	9	2	7,056	16,831	23,898
of which :					
- Cayman Islands	-	-	-	95	95
- Hong Kong SAR	-	2	5,223	15,496	20,721
- Macau SAR	-	-	1,833	997	2,830
- Singapore	9	-	-	243	252
- West Indies UK	-	-	-	-	-
- Developing Africa and Middle East	1,225	-	-	-	1,225
of which :					
- United Arab Emirates	904	-	-	-	904
- Qatar	320	-	-	-	320
- South Africa	1	-	-	-	1
- Developing Asia-Pacific	33,779	1,966	351	5,342	41,438
of which :					
- China	29,047	257	351	5,292	34,947
- Chinese Taipei	147	-	-	-	147
- India	2,417	-	-	-	2,417
- Indonesia	973	-	-	-	973
- Malaysia	-	-	-	-	-
- Philippines	-	-	-	-	-
- South Korea	1,195	1,709	-	50	2,954
- Vietnam	-	-	-	-	-
	<u>52,876</u>	<u>1,968</u>	<u>7,554</u>	<u>26,568</u>	<u>88,966</u>
	=====	=====	=====	=====	=====

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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 recognised 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 area should generally be reported where it constitutes 10% or more of the aggregated international claims.

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

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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>AUD</u> HK\$ Million	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
As at Jun 30, 2015						
Spot assets	67,655	17,028	2	106	1,627	86,418
Spot liabilities	(94,579)	(2,794)	(387)	(86)	(1,625)	(99,471)
Forward purchases	61,790	8,164	29,032	7,978	12,215	119,179
Forward sales	(35,610)	(22,483)	(28,861)	(7,978)	(12,744)	(107,676)
Net option position	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net (short)/long position	(744)	(85)	(214)	20	(527)	(1,550)
	=====	=====	=====	=====	=====	=====
Net structural position	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====

	<u>USD</u>	<u>CNY</u>	<u>AUD</u> HK\$ Million	<u>JPY</u>	<u>EUR</u>	<u>Total</u>
As at Dec 31, 2014						
Spot assets	65,046	19,825	1	81	686	85,639
Spot liabilities	(87,290)	(3,868)	(79)	(77)	(686)	(92,000)
Forward purchases	50,743	11,732	15,935	3,775	3,846	86,031
Forward sales	(28,656)	(27,814)	(16,005)	(3,775)	(3,846)	(80,096)
Net option position	-	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net (short)/long position	(157)	(125)	(148)	4	-	(426)
	=====	=====	=====	=====	=====	=====
Net structural position	-	-	-	-	-	-
	=====	=====	=====	=====	=====	=====

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VIII. LIQUIDITY INFORMATION

	For the six months ended	
	Jun 30, 2015	Jun 30, 2014
The average liquidity maintenance ratio for the financial period	59.63%	N/A
The average liquidity ratio for the financial period	N/A	69.46%
	=====	=====

The Banking (Liquidity) Rules (“BLR”), effective on 1st January 2015, signified the implementation of Liquidity Maintenance Ratio (“LMR”) for category 2 Institution under Basel III liquidity standards in Hong Kong. The average LMR reported for the six months ended 30th June 2015 under Basel III was therefore not directly comparable with the average liquidity ratio reported for the six months ended 30th June 2014, which was calculated in accordance with the Forth Schedule of the Hong Kong Banking Ordinance.

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IX. MAINLAND EXPOSURES

The analysis of non-bank Mainland exposures 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 for Mainland activities.

As at Jun 30, 2015	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 JVs	1	21,949,279	459,849	22,409,128
Local governments, local government-Owned entities and their subsidiaries and JVs	2	954,458	-	954,458
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	996,763	-	996,763
Other entities of central government not reported above in item 1	4	1,111,927	564,746	1,676,673
Other entities of local government not reported above in item 2	5	351,146	-	351,146
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	2,402,922	-	2,402,922
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	1,739,406	-	1,739,406
Total	8	<u>29,505,901</u>	<u>1,024,595</u>	<u>30,530,496</u>
Total assets after provision	9	113,902,813		
On-balance sheet exposures as percentage of total assets	10	25.90%		

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IX. MAINLAND EXPOSURES (CONTINUED)

As at Dec 31, 2014	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 JVs	1	17,725,764	853,414	18,579,178
Local governments, local government-Owned entities and their subsidiaries and JVs	2	1,731,833	-	1,731,833
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	921,967	-	921,967
Other entities of central government not reported above in item 1	4	351,374	-	351,374
Other entities of local government not reported above in item 2	5	-	-	-
PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	6	428,795	31,021	459,816
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	378,427	-	378,427
Total	8	21,538,160	884,435	22,422,595
Total assets after provision	9	103,702,632		
On-balance sheet exposures as percentage of total assets	10	20.77%		

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 FX and Bonds trading and funding for BANA HK.

BANK OF AMERICA, NATIONAL ASSOCIATION
HONG KONG BRANCH
June 30, 2015

SECTION B – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)

I. CAPITAL AND CAPITAL ADEQUACY

	Jun 30, 2015	Dec 31, 2014
	US\$ Million	US\$ Million
- Total Capital ratio	15.50%	16.50%
- The aggregate amount of shareholders' funds	251,659 =====	243,471 =====

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.

II. OTHER FINANCIAL INFORMATION

	Jun 30, 2015	Dec 31, 2014
	US\$ Million	US\$ Million
- Total assets	2,149,034	2,104,534
- Total liabilities	1,897,375	1,861,063
- Total advances (net of allowances)	873,381	866,972
- Total customer deposits	1,149,560 =====	1,118,936 =====
	Jun 30, 2015	Jun 30, 2014
	US\$ Million	US\$ Million
- Pre-tax profit	12,261 =====	2,114 =====