

**Bank of America, National Association**

**Hong Kong Branch**

**Interim Disclosure Statement**

June 30, 2017

**BANK OF AMERICA, NATIONAL ASSOCIATION**  
**HONG KONG BRANCH**  
**Jun 30, 2017**

**SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

| <b>I. INCOME STATEMENT INFORMATION</b>                            | <b>Jun 30, 2017</b> | <b>Jun 30, 2016</b> |
|---|---------------------|---------------------|
|   | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| Interest income   | 818,880             | 540,014             |
| Interest expense  | (334,972)           | (207,898)           |
|   | <hr/>               | <hr/>               |
| Net interest income   | 483,908             | 332,116             |
| Other operating income/ (loss)                                    |                     |                     |
| (Losses)/ gains arising from trading in foreign currencies        | (85,510)            | 69,239              |
| Gains arising from non-trading activities in foreign currencies   | 20,676              | -                   |
| Gains/ (losses) on securities held for trading purposes           | 68,475              | (1,584)             |
| (Losses)/ gains arising from trading in interest rate derivatives | (1,955)             | 106                 |
| Losses arising from trading in other derivatives                  | (9,251)             | (4,538)             |
| Fees and commissions  |                     |                     |
| - Income  | 455,804             | 497,427             |
| - Expense   | (987)               | (276)               |
| Income from non-trading investments                               | -                   | -                   |
| Other income  | 700                 | 2,180               |
|   | <hr/>               | <hr/>               |
|   | 447,952             | 562,554             |
|   | <hr/>               | <hr/>               |
| Total revenue   | 931,860             | 894,670             |
| Operating expenses  |                     |                     |
| Staff expenses  | (370,762)           | (409,703)           |
| Rental expenses   | (61,338)            | (55,552)            |
| Other operating expenses  |                     |                     |
| - Depreciation expenses   | (455)               | (823)               |
| - Group servicing fee   | (181,675)           | (228,846)           |
| - Telecom expenses  | (3,123)             | (2,378)             |
| - Equipment expenses  | (941)               | (2,031)             |
| - Legal and Professional fee                                      | (8,619)             | (13,471)            |
| - Travel expenses   | (8,324)             | (11,914)            |
| - Subscription fee  | (3,480)             | (2,618)             |
| - Other miscellaneous expenses                                    | (147,515)           | (177,900)           |
|   | <hr/>               | <hr/>               |
|   | (786,232)           | (905,236)           |
|   | <hr/>               | <hr/>               |
| Operating profit/ (loss) before provisions                        | 145,628             | (10,566)            |
| Impairment allowance charged                                      | (4,697)             | (150,950)           |
|   | <hr/>               | <hr/>               |
| Profit/ (loss) before taxation                                    | 140,931             | (161,516)           |
| Tax expense/ income   | (24,091)            | 21,035              |
|   | <hr/>               | <hr/>               |
| Profit/ (loss) after taxation                                     | 116,840             | (140,481)           |
|   | <hr/> <hr/>         | <hr/> <hr/>         |

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**SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)**

**II. BALANCE SHEET DATA**

|   | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|---|---------------------|---------------------|
|   | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| <b>ASSETS</b>   |                     |                     |
| Cash and balances with banks  | 3,824,417           | 2,433,924           |
| Due from Exchange Fund  | 4,508,041           | 6,380,742           |
| Placements with banks and financial institutions maturing                   |                     |                     |
| - Within one month  | 3,436,504           | 4,766,739           |
| - Between one and twelve months   | 17,501,834          | 13,365,807          |
| - Over one year   | 962,028             | 436,196             |
| Amount due from overseas offices of the institution                         | 16,983,964          | 18,338,887          |
| Trade bills, net of impairment allowance                                    | 268,842             | 103,972             |
| Certificate of Deposit  | 1,875,990           | 4,074,027           |
| Trading securities, at fair value   |                     |                     |
| - Other securities  | 10,222,579          | 2,904,002           |
| Advances to customers and other receivables,<br>net of impairment allowance | 40,743,142          | 37,940,655          |
| Property, plant & equipment   | 22,846              | 22,797              |
| Other assets  | 10,722,949          | 3,833,349           |
|   | <hr/>               | <hr/>               |
| <b>TOTAL ASSETS</b>   | <b>111,073,136</b>  | <b>94,601,097</b>   |
|   | =====               | =====               |
| <b>LIABILITIES</b>  |                     |                     |
| Deposits and balances from banks  | 2,319,104           | 2,347,934           |
| Current, savings and other deposit accounts of customers                    |                     |                     |
| - demand deposits and current accounts                                      | 20,981,131          | 18,055,040          |
| - saving deposits   | 4,115,207           | 3,557,794           |
| - time, call and notice deposits  | 20,489,931          | 12,584,407          |
| Amount due to overseas offices of the institution                           | 56,361,404          | 51,307,284          |
| Provision for commitments and contingent liabilities                        | 9,448               | 37,727              |
| Other accounts & accruals   | 6,796,911           | 6,710,911           |
|   | <hr/>               | <hr/>               |
| <b>TOTAL LIABILITIES</b>  | <b>111,073,136</b>  | <b>94,601,097</b>   |
|   | =====               | =====               |

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**III. ADDITIONAL BALANCE SHEET INFORMATION**

|   | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|---|---------------------|---------------------|
|   | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| (i) Trade Bills, net of impairment allowance                                  |                     |                     |
| Trade Bills   | 347,411             | 180,380             |
| Impairment allowance  |                     |                     |
| - Collective assessment   | (2,716)             | (1,050)             |
| - Individual assessment   | (75,853)            | (75,358)            |
|   | <u>268,842</u>      | <u>103,972</u>      |
|   | =====               | =====               |
| (ii) Advances to customers and other receivables, net of impairment allowance |                     |                     |
| Advances to customers   | 41,683,205          | 38,931,279          |
| Impairment allowance  |                     |                     |
| - Collective assessment   | (419,591)           | (385,253)           |
| - Individual assessment   | (770,743)           | (768,978)           |
|   | <u>40,492,871</u>   | <u>37,777,048</u>   |
| Accrued interests   | 250,271             | 163,607             |
|   | <u>40,743,142</u>   | <u>37,940,655</u>   |
|   | =====               | =====               |
| (iii) Commitments and contingent liabilities, net of impairment allowance     |                     |                     |
| Commitments and contingent liabilities  | 45,660,457          | 10,237,640          |
| Impairment allowance  |                     |                     |
| - Collective assessment   | (9,448)             | (10,729)            |
| - Individual assessment   | -                   | (26,998)            |
|   | <u>45,651,009</u>   | <u>10,199,913</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)**

|  | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|--|---------------------|---------------------|
|  | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| (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   | 619,030             | 624,087             |
|  | <hr/>               | <hr/>               |
|  | 619,030             | 624,087             |
|  | =====               | =====               |
| 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   | 537,406             | 542,995             |
|  | <hr/>               | <hr/>               |
|  | 537,406             | 542,995             |
|  | =====               | =====               |
| 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   | 1.49%               | 1.60%               |
|  | <hr/>               | <hr/>               |
|  | 1.49%               | 1.60%               |
|  | =====               | =====               |

As at Jun 30, 2017 and Dec 31, 2016, 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)**

|   | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|---|---------------------|---------------------|
|   | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| (v) Impaired advances to customers and allowance                          |                     |                     |
| - Impaired advances to customers  | 1,085,720           | 1,528,017           |
|   | =====               | =====               |
| - Individually assessed allowance   | 770,743             | 768,978             |
|   | =====               | =====               |
| - Impaired advances to customers as a percentage<br>advances to customers | 2.60%               | 3.92%               |
|   | =====               | =====               |

As at Jun 30, 2017 and Dec 31, 2016, 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                            | 75,853 | 75,358 |
|   | -----  | -----  |
|   | 75,853 | 75,358 |
|   | =====  | =====  |

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                            | 75,853 | 75,358 |
|   | -----  | -----  |
|   | 75,853 | 75,358 |
|   | =====  | =====  |

|   |        |        |
|---|--------|--------|
| - Overdue trade bills as a percentage of<br>total trade bills | 21.83% | 41.78% |
|   | =====  | =====  |

(vii) As at Jun 30, 2017 and Dec 31, 2016, the Branch had no repossessed assets.

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**IV. OFF-BALANCE SHEET EXPOSURES**

|  | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|--|---------------------|---------------------|
|  | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| (i) The notional amounts of each of the following class of off-balance sheet exposures outstanding:  |                     |                     |
| Contingent liabilities and commitments   |                     |                     |
| - Direct credit substitutes  | 8,594,890           | 1,170,455           |
| - Transaction-related contingencies  | 146,581             | 188,392             |
| - Trade-related contingencies  | 5,742,903           | 5,772,894           |
| - Other commitments  | 47,165,346          | 15,338,271          |
| - Forward forward deposit placed   | -                   | -                   |
|  | <u>61,647,720</u>   | <u>22,470,012</u>   |
|  | =====               | =====               |
| The notional amount of derivatives contracts are as follow:  |                     |                     |
| - Exchange rate contracts  | 198,101,601         | 195,925,429         |
| - Interest rate contracts  | 63,121,522          | 67,069,775          |
|  | <u>261,223,123</u>  | <u>262,995,204</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  | 2,655,646           | 3,864,486           |
| - Interest rate contracts  | 939,354             | 901,036             |
|  | <u>3,595,000</u>    | <u>4,765,522</u>    |
|  | =====               | =====               |
| Fair value liabilities   |                     |                     |
| - Exchange rate contracts  | 2,723,552           | 3,472,616           |
| - Interest rate contracts  | 942,675             | 902,398             |
|  | <u>3,666,227</u>    | <u>4,375,014</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:

|                                      | <b>Jun 30, 2017</b>                |   | <b>Dec 31, 2016</b>                |   |
|--------------------------------------|------------------------------------|---|------------------------------------|---|
|                                      | Outstanding<br>balance<br>HK\$'000 | Balance<br>covered by<br>collateral<br>HK\$'000 | Outstanding<br>balance<br>HK\$'000 | Balance<br>covered by<br>collateral<br>HK\$'000 |
| By industry categories:              |                                    |   |                                    |   |
| Advances for use in Hong Kong        |                                    |   |                                    |   |
| Industrial, Commercial and Financial |                                    |   |                                    |   |
| - Property Development               | 1,898,214                          | -   | 2,326,786                          | -   |
| - Financial Concerns                 | 2,625,869                          | -   | 1,774,301                          | -   |
| - Stockbrokers                       | -                                  | -   | -                                  | -   |
| - Wholesale & Retail Trade           | 78,236                             | -   | 429,668                            | -   |
| - Manufacturing                      | 3,736,079                          | 191,235   | 2,403,680                          | -   |
| - Transport & Transport Equipment    | 738,413                            | 585,413   | 357,638                            | 232,638   |
| - Electricity & Gas                  | 2,110,592                          | -   | 1,677,592                          | -   |
| - Recreational activities            | 72,658                             | -   | -                                  | -   |
| - Information Technology             | 959,811                            | -   | 1,035,179                          | -   |
| - All others                         | 5,269,179                          | 390,275   | 4,043,564                          | 387,730   |
|                                      | <u>17,489,051</u>                  | <u>1,166,923</u>                                | <u>14,048,408</u>                  | <u>620,368</u>                                  |
| Individuals                          | 25,396                             | -   | 16,426                             | -   |
| Trade Finance                        | 9,651,689                          | -   | 9,762,130                          | -   |
| Advances for use outside Hong Kong   | 14,517,069                         | -   | 15,104,315                         | -   |
|                                      | <u>41,683,205</u>                  | <u>1,166,923</u>                                | <u>38,931,279</u>                  | <u>620,368</u>                                  |
|                                      | =====                              | =====   | =====                              | =====   |



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**V. SEGMENTAL INFORMATION (Continued)**

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

|                                     | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|-------------------------------------|---------------------|---------------------|
|                                     | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| By countries or geographical areas: |                     |                     |
| - Hong Kong                         | 26,543,280          | 25,033,876          |
| - Macau                             | 6,636,698           | 6,256,240           |
| - China                             | 2,990,232           | 1,374,692           |
| - United States                     | 1,222,365           | 1,795,702           |
| - India                             | 1,135,965           | 722,164             |
| - Cayman Islands                    | 1,069,896           | 1,766,603           |
| - South Korea                       | 464,317             | 387,730             |
| - Luxembourg                        | 441,518             | 491,555             |
| - Netherlands                       | 414,608             | 429,505             |
| - Switzerland                       | 388,459             | 179,040             |
| - Singapore                         | 329,392             | 327,244             |
| - Malaysia                          | 31,598              | -                   |
| - Thailand                          | 7,497               | -                   |
| - United Kingdom                    | 5,432               | 6,840               |
| - Australia                         | 1,869               | 4,179               |
| - Others                            | 79                  | 17                  |
| - South Africa                      | -                   | 146,394             |
| - Residual Asia and Pacific         | -                   | 9,498               |
|                                     | <u>41,683,205</u>   | <u>38,931,279</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      | 495,553        | 492,322        |
| - Cayman Islands | 82,634         | 90,765         |
| - China          | 40,843         | 41,000         |
|                  | <u>619,030</u> | <u>624,087</u> |
|                  | =====          | =====          |

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**V. SEGMENTAL INFORMATION (Continued)**

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

|                  | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|------------------|---------------------|---------------------|
|                  | <b>HK\$'000</b>     | <b>HK\$'000</b>     |
| - China          | 40,843              | 41,000              |
| - Hong Kong      | 962,243             | 1,390,048           |
| - Cayman Islands | 82,634              | 96,969              |
|                  | <u>1,085,720</u>    | <u>1,528,017</u>    |
|                  | =====               | =====               |

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

|             |        |        |
|-------------|--------|--------|
| - Hong Kong | 75,853 | 75,358 |
|             | =====  | =====  |

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

|             |        |        |
|-------------|--------|--------|
| - Hong Kong | 75,853 | 75,358 |
|             | =====  | =====  |

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**VI. INTERNATIONAL CLAIMS**

|  | Banks        | Official<br>Sector | <u>Non-bank private sector</u>        |  | Total  |
|--|--------------|--------------------|---------------------------------------|--|--------|
|  |              |                    | Non-bank<br>financial<br>institutions | Non-<br>financial<br>private<br>sector |        |
|  | HK\$ Million |                    |                                       |  |        |
| <b>As at Jun 30, 2017</b>              |              |                    |                                       |  |        |
| - Developed countries                  | 17,125       | -                  | 968                                   | 2,539                                  | 20,632 |
| of which :                             |              |                    |                                       |  |        |
| - Australia                            | -            | -                  | -                                     | 4                                      | 4      |
| - France                               | -            | -                  | -                                     | 42                                     | 42     |
| - Luxembourg                           | -            | -                  | -                                     | 442                                    | 442    |
| - Netherlands                          | -            | -                  | -                                     | 419                                    | 419    |
| - United Kingdom                       | 1            | -                  | 968                                   | -                                      | 969    |
| - United States                        | 17,124       | -                  | -                                     | 1,243                                  | 18,367 |
| - Switzerland                          | -            | -                  | -                                     | 389                                    | 389    |
| <br>                                   |              |                    |                                       |  |        |
| - Offshore centres                     | 179          | -                  | 4,570                                 | 28,155                                 | 32,904 |
| of which :                             |              |                    |                                       |  |        |
| - Cayman Islands                       | -            | -                  | -                                     | 1,072                                  | 1,072  |
| - Hong Kong SAR                        | 179          | -                  | 1,655                                 | 23,018                                 | 24,852 |
| - Singapore                            | -            | -                  | -                                     | 333                                    | 333    |
| - Macau SAR                            | -            | -                  | 2,915                                 | 3,732                                  | 6,647  |
| <br>                                   |              |                    |                                       |  |        |
| - Developing Africa and<br>Middle East | -            | -                  | -                                     | -                                      | -      |
| of which :                             |              |                    |                                       |  |        |
| - South Africa                         | -            | -                  | -                                     | -                                      | -      |
| <br>                                   |              |                    |                                       |  |        |
| - Developing Asia-Pacific              | 35,602       | 3,394              | -                                     | 4,717                                  | 43,713 |
| of which :                             |              |                    |                                       |  |        |
| - China                                | 31,182       | 1,150              | -                                     | 3,074                                  | 35,406 |
| - India                                | 2,019        | -                  | -                                     | 1,136                                  | 3,155  |
| - Chinese Taipei                       | -            | -                  | -                                     | -                                      | -      |
| - Indonesia                            | 1,268        | -                  | -                                     | -                                      | 1,268  |
| - South Korea                          | 1,133        | 2,244              | -                                     | 468                                    | 3,845  |
| - Malaysia                             | -            | -                  | -                                     | 32                                     | 32     |
| - Residual Asia and<br>Pacific         | -            | -                  | -                                     | -                                      | -      |
| - Thailand                             | -            | -                  | -                                     | 7                                      | 7      |
| <br>                                   |              |                    |                                       |  |        |
|  | 52,906       | 3,394              | 5,538                                 | 35,411                                 | 97,249 |
|  | 52,906       | 3,394              | 5,538                                 | 35,411                                 | 97,249 |

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**VI. INTERNATIONAL CLAIMS (Continued)**

|  | Banks         | Official<br>Sector | <u>Non-bank private sector</u>        |  | Total         |
|--|---------------|--------------------|---------------------------------------|--|---------------|
|  |               |                    | Non-bank<br>financial<br>institutions | Non-<br>financial<br>private<br>sector |               |
|  | HK\$ Million  |                    |                                       |  |               |
| <b>As at Dec 31, 2016</b>              |               |                    |                                       |  |               |
| - Developed countries                  | 19,744        | -                  | -                                     | 3,937                                  | 23,681        |
| of which :                             |               |                    |                                       |  |               |
| - Australia                            | 23            | -                  | -                                     | 989                                    | 1,012         |
| - France                               | -             | -                  | -                                     | 42                                     | 42            |
| - Luxembourg                           | -             | -                  | -                                     | 498                                    | 498           |
| - Netherlands                          | -             | -                  | -                                     | 432                                    | 432           |
| - United Kingdom                       | 2             | -                  | -                                     | -                                      | 2             |
| - United States                        | 19,719        | -                  | -                                     | 1,797                                  | 21,516        |
| - Switzerland                          | -             | -                  | -                                     | 179                                    | 179           |
| - Offshore centres                     | -             | -                  | 3,325                                 | 26,101                                 | 29,425        |
| of which :                             |               |                    |                                       |  |               |
| - Cayman Islands                       | -             | -                  | -                                     | 1,769                                  | 1,769         |
| - Hong Kong SAR                        | -             | -                  | 625                                   | 20,434                                 | 21,059        |
| - Singapore                            | -             | -                  | -                                     | 331                                    | 331           |
| - Macau SAR                            | -             | -                  | 2,699                                 | 3,567                                  | 6,266         |
| - Developing Africa and<br>Middle East | -             | -                  | -                                     | 149                                    | 149           |
| of which :                             |               |                    |                                       |  |               |
| - South Africa                         | -             | -                  | -                                     | 149                                    | 149           |
| - Developing Asia-Pacific              | 24,303        | 1                  | 147                                   | 2,432                                  | 26,883        |
| of which :                             |               |                    |                                       |  |               |
| - China                                | 17,581        | -                  | 147                                   | 1,309                                  | 19,037        |
| - India                                | 1,623         | -                  | -                                     | 722                                    | 2,345         |
| - Chinese Taipei                       | 25            | -                  | -                                     | -                                      | 25            |
| - Indonesia                            | 1,118         | -                  | -                                     | -                                      | 1,118         |
| - South Korea                          | 3,320         | 1                  | -                                     | 391                                    | 3,712         |
| - Malaysia                             | 2             | -                  | -                                     | -                                      | 2             |
| - Residual Asia and<br>Pacific         | 634           | -                  | -                                     | 10                                     | 644           |
|  | <u>44,047</u> | <u>1</u>           | <u>3,471</u>                          | <u>32,619</u>                          | <u>80,138</u> |
|  | =====         | =====              | =====                                 | =====                                  | =====         |

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**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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**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> | <u>JPY</u> | <u>NZD</u> | <u>SGD</u> | <u>Total</u> |
|---------------------------|--------------|------------|------------|------------|------------|------------|--------------|
|                           | HK\$ Million |            |            |            |            |            |              |
| <b>As at Jun 30, 2017</b> |              |            |            |            |            |            |              |
| Spot assets               | 67,300       | 15,693     | 928        | 1,989      | 1          | 828        | 86,739       |
| Spot liabilities          | (92,223)     | (1,718)    | (64)       | (1,019)    | -          | (13)       | (95,037)     |
| Forward purchases         | 94,137       | 36,207     | 25,966     | 5,595      | 3,193      | 174        | 165,272      |
| Forward sales             | (75,329)     | (48,044)   | (25,966)   | (5,595)    | (3,035)    | (174)      | (158,143)    |
| Net option position       | -            | -          | -          | -          | -          | -          | -            |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |
| Net (short)/long position | (6,115)      | 2,138      | 864        | 970        | 159        | 815        | (1,169)      |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |
| Net structural position   | -            | -          | -          | -          | -          | -          | -            |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |

|                           | <u>USD</u>   | <u>CNY</u> | <u>AUD</u> | <u>JPY</u> | <u>NZD</u> | <u>SGD</u> | <u>Total</u> |
|---------------------------|--------------|------------|------------|------------|------------|------------|--------------|
|                           | HK\$ Million |            |            |            |            |            |              |
| <b>As at Dec 31, 2016</b> |              |            |            |            |            |            |              |
| Spot assets               | 62,808       | 9,684      | 318        | 745        | 1          | 870        | 74,426       |
| Spot liabilities          | (77,078)     | (1,529)    | (179)      | (58)       | -          | (33)       | (78,877)     |
| Forward purchases         | 91,935       | 4,890      | 53,079     | 9,241      | 9,262      | 81         | 168,488      |
| Forward sales             | (81,949)     | (11,307)   | (53,079)   | (9,241)    | (9,128)    | (81)       | (164,785)    |
| Net option position       | -            | -          | -          | -          | -          | -          | -            |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |
| Net (short)/long position | (4,284)      | 1,738      | 139        | 687        | 135        | 837        | (748)        |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |
| Net structural position   | -            | -          | -          | -          | -          | -          | -            |
|                           | =====        | =====      | =====      | =====      | =====      | =====      | =====        |

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**VIII. LIQUIDITY INFORMATION**

**(i) Liquidity ratio**

|  | <b>For the six months ended</b> |                     |
|--|---------------------------------|---------------------|
|  | <b>Jun 30, 2017</b>             | <b>Jun 30, 2016</b> |
| The average liquidity maintenance ratio for the financial period | 54.44%                          | 51.03%              |
|  | =====                           | =====               |

**(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.

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**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.

| <b>As at Jun 30, 2017</b>   | Items in<br>HKMA<br>Return | On-balance<br>sheet<br>exposure<br>HK\$'000 | Off-balance<br>sheet<br>exposure<br>HK\$'000 | Total<br><br>HK\$'000 |
|---|----------------------------|---|--|-----------------------|
| Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | 1                          | 17,287,689                                  | 300,661                                      | 17,588,350            |
| Local governments, local government-owned entities and their subsidiaries and JVs   | 2                          | -   | -  | -                     |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | 3                          | 930,372                                     | -  | 930,372               |
| Other entities of central government not reported in item 1 above   | 4                          | 509,303                                     | -  | 509,303               |
| Other entities of local government not reported in item 2 above   | 5                          | 11,839                                      | -  | 11,839                |
| PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 6                          | 1,950,183                                   | 4,357,266                                    | 6,307,449             |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | 7                          | 1,692,789                                   | 312,466                                      | 2,005,255             |
| <b>Total</b>  | <b>8</b>                   | <u>22,382,175</u>                           | <u>4,970,393</u>                             | <u>27,352,568</u>     |
| Total assets after provision  | 9                          | 111,063,687                                 |  |                       |
| On-balance sheet exposures as percentage of total assets  | 10                         | 20.15%                                      |  |                       |



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**IX. MAINLAND ACTIVITIES (CONTINUED)**

| <b>As at Dec 31, 2016</b>   | Items in<br>HKMA<br>Return | On-balance<br>sheet<br>exposure<br>HK\$'000 | Off-balance<br>sheet<br>exposure<br>HK\$'000 | Total<br><br>HK\$'000 |
|---|----------------------------|---|--|-----------------------|
| Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)   | 1                          | 13,764,720                                  | 790,711                                      | 14,555,431            |
| Local governments, local government-owned entities and their subsidiaries and JVs   | 2                          | -   | -  | -                     |
| PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs                            | 3                          | 916,134                                     | -  | 916,134               |
| Other entities of central government not reported in item 1 above   | 4                          | 747,108                                     | -  | 747,108               |
| Other entities of local government not reported in item 2 above   | 5                          | 11,699                                      | -  | 11,699                |
| PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China | 6                          | 1,809,181                                   | 4,050,304                                    | 5,859,485             |
| Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures                        | 7                          | 2,004,943                                   | 310,184                                      | 2,315,127             |
| <b>Total</b>  | <b>8</b>                   | <b>19,253,785</b>                           | <b>5,151,199</b>                             | <b>24,404,984</b>     |
| <b>Total assets after provision</b>   | <b>9</b>                   | <b>94,563,370</b>                           |  |                       |
| <b>On-balance sheet exposures as percentage of total assets</b>   | <b>10</b>                  | <b>20.36%</b>                               |  |                       |

**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

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**SECTION B – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)**

**I. CAPITAL AND CAPITAL ADEQUACY**

|  | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|--|---------------------|---------------------|
| - Common Equity Tier 1 Capital ratio (Standardized Approach) | 12.30%              | 12.10%              |
| - Common Equity Tier 1 Capital ratio (Advanced Approach)     | 11.60%              | 11.00%              |
| - Tier 1 Capital Ratio (Standardized Approach)               | 14.00%              | 13.60%              |
| - Tier 1 Capital Ratio (Advanced Approach)                   | 13.20%              | 12.40%              |
| - Total Capital Ratio (Standardized Approach)                | 16.70%              | 16.30%              |
| - Total Capital ratio (Advanced Approach)                    | 15.10%              | 14.30%              |
|  | <b>US\$ Million</b> | <b>US\$ Million</b> |
| - The aggregate amount of shareholders' funds                | 270,987             | 266,840             |
| - Risk-weighted assets (Standardized Approach)               | 1,389,274           | 1,399,477           |
| - Risk-weighted assets (Advanced Approach)                   | 1,477,285           | 1,529,903           |
|  | =====               | =====               |

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.

**II. OTHER FINANCIAL INFORMATION**

|                                      | <b>Jun 30, 2017</b> | <b>Dec 31, 2016</b> |
|--------------------------------------|---------------------|---------------------|
|                                      | <b>US\$ Million</b> | <b>US\$ Million</b> |
| - Total assets                       | 2,254,529           | 2,187,702           |
| - Total liabilities                  | 1,983,542           | 1,920,862           |
| - Total advances (net of allowances) | 905,791             | 895,446             |
| - Total customer deposits            | 1,262,980           | 1,260,934           |
|                                      | =====               | =====               |
|                                      | <b>Jun 30, 2017</b> | <b>Jun 30, 2016</b> |
|                                      | <b>US\$ Million</b> | <b>US\$ Million</b> |
| - Pre-tax profit                     | 14,942              | 9,628               |
|                                      | =====               | =====               |