



Bank of America, National Association

Hong Kong Branch

Disclosure Statement

December 31, 2019

BANK OF AMERICA, NATIONAL ASSOCIATION
HONG KONG BRANCH
December 31, 2019

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

I. INCOME STATEMENT INFORMATION

	31-Dec-19	31-Dec-18
	HK\$'000	HK\$'000
Interest income	3,610,921	3,369,036
Interest expense	(2,334,376)	(1,947,902)
Net interest income	<u>1,276,545</u>	<u>1,421,134</u>
Other operating income		
Gains arising from trading in foreign currencies	11,600	48,123
Gains arising from non-trading activities in foreign currencies	72,714	54,808
Gains on securities held for trading purposes	179,097	108,305
Losses arising from trading in interest rate derivatives	(163,362)	(96,945)
Losses arising from trading in other derivatives	(45,304)	(34,549)
Fees and commissions		
– Income	1,388,781	1,375,502
– Expense	(3,610)	(3,426)
Other income	2,984	3,752
	<u>1,442,900</u>	<u>1,455,570</u>
Total revenue	2,719,445	2,876,704
Operating expenses		
Staff expenses	(695,895)	(650,230)
Rental expenses	(121,429)	(126,655)
Other operating expenses		
– Depreciation expenses	(473)	(588)
– Group servicing fee	(528,657)	(835,804)
– Telecom expenses	(7,461)	(7,827)
– Equipment expenses	(1,489)	(1,868)
– Legal and Professional fee	(25,185)	(34,916)
– Travel expenses	(22,613)	(18,797)
– Subscription fee	(7,106)	(7,967)
– Other miscellaneous expenses	(325,128)	(364,753)
	<u>(1,735,436)</u>	<u>(2,049,405)</u>
Operating profit before provisions	984,009	827,299
Impairment allowance charged	(80,850)	32,316
Profit before taxation	<u>903,159</u>	<u>859,615</u>
Tax expense	(144,180)	(125,005)
Profit after taxation	<u><u>758,979</u></u>	<u><u>734,610</u></u>

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II. BALANCE SHEET DATA

	31-Dec-19	30-Jun-19
	HK\$'000	HK\$'000
ASSETS		
Cash and balances with banks	5,914,870	4,505,600
Due from Exchange Fund	1,218,366	2,032,471
Placements with banks and financial institutions maturing		
– Within one month	6,092,442	2,521,579
– Between one and twelve months	12,115,595	16,506,072
– Over one year	467,668	645,274
Amount due from overseas offices of the institution	29,399,314	16,708,767
Trade bills, net of impairment allowance	24,884	806,537
Trading securities, at fair value		
– Other securities	17,407,488	19,694,670
Advances to customers and other receivables, net of impairment allowance	60,809,680	59,195,255
Property, plant & equipment	12,840	14,780
Other assets	1,899,096	1,768,640
	<hr/>	<hr/>
TOTAL ASSETS	135,362,243	124,399,645
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES		
Deposits and balances from banks	1,916,592	3,403,685
Current, savings and other deposit accounts of customers		
– demand deposits and current accounts	36,250,062	18,609,630
– saving deposits	2,739,684	2,872,081
– time, call and notice deposits	6,877,392	10,437,097
Amount due to overseas offices of the institution	82,187,536	83,745,800
Provision for commitments and contingent liabilities	97,082	7,983
Other accounts & accruals	5,293,895	5,323,369
	<hr/>	<hr/>
TOTAL LIABILITIES	135,362,243	124,399,645
	<hr/> <hr/>	<hr/> <hr/>

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III. ADDITIONAL BALANCE SHEET INFORMATION

	31-Dec-19	30-Jun-19
	HK\$'000	HK\$'000
(i) Trade Bills, net of impairment allowance		
Trade Bills	100,809	890,563
Impairment allowance		
– Collective assessment	(251)	(8,147)
– Individual assessment	(75,674)	(75,879)
	<u>24,884</u>	<u>806,537</u>
	=====	=====
(ii) Advances to customers and other receivables, net of impairment allowance		
Advances to customers	61,687,100	60,031,825
Impairment allowance		
– Collective assessment	(624,240)	(611,185)
– Individual assessment	(398,480)	(617,402)
	<u>60,664,380</u>	<u>58,803,238</u>
Accrued interests	145,300	392,017
	<u>60,809,680</u>	<u>59,195,255</u>
	=====	=====
(iii) Commitments and contingent liabilities, net of impairment allowance		
Commitments and contingent liabilities	11,141,885	9,306,917
Impairment allowance		
– Collective assessment	(9,332)	(7,983)
– Individual assessment	(87,750)	-
	<u>11,044,803</u>	<u>9,298,934</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)

	31-Dec-19	30-Jun-19
	HK\$'000	HK\$'000
(iv) Analysis of overdue and rescheduled advances		
Overdue advances to customers		
– More than one year	398,445	617,402
	<u>398,445</u>	<u>617,402</u>
	=====	=====
Individually assessed allowance made in respect of overdue advances to customers		
– More than one year	398,445	617,402
	<u>398,445</u>	<u>617,402</u>
	=====	=====
Overdue advances to customers as a percentage of total advances to customers		
– More than one year	0.65%	1.03%
	<u>0.65%</u>	<u>1.03%</u>
	=====	=====

As at Dec 31, 2019 and Jun 30, 2019, there were no overdue and rescheduled advances to banks. The branch had no rescheduled advances and there was no collateral held in respect of those overdue advances to customers.

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

III. ADDITIONAL BALANCE SHEET INFORMATION (Continued)

	31-Dec-19	30-Jun-19
	HK\$'000	HK\$'000
(v) Impaired advances to customers and allowance		
– Impaired advances to customers	398,586	617,402
	=====	=====
– Individually assessed allowance	398,480	617,402
	=====	=====
– Impaired advances to customers as a percentage of total advances to customers	0.65%	1.03%
	=====	=====

As at Dec 31, 2019 and Jun 30, 2019, 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		
– More than one year	75,674	75,879
	-----	-----
	75,674	75,879
	=====	=====
Individually assessed allowance made in respect of		
– More than one year	75,674	75,879
	-----	-----
	75,674	75,879
	=====	=====
Overdue trade bills as a percentage of total trade bills	75.07%	8.52%
	=====	=====

(vii) As at Dec 31, 2019 and Jun 30, 2019, the Branch had no repossessed assets.

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IV. OFF-BALANCE SHEET EXPOSURES

	31-Dec-19	30-Jun-19
	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	4,584,230	3,128,980
– Transaction-related contingencies	158,936	166,975
– Trade-related contingencies	3,145,779	4,008,946
– Other commitments	20,476,631	15,003,280
	<u>28,365,576</u>	<u>22,308,181</u>
	=====	=====

The notional amount of derivatives contracts are as follow:

– Exchange rate contracts	118,583,963	166,041,147
– Interest rate contracts	45,118,755	45,093,043
	<u>163,702,718</u>	<u>211,134,190</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	890,935	962,901
– Interest rate contracts	1,265,301	1,404,495
	<u>2,156,236</u>	<u>2,367,396</u>
	=====	=====
Fair value liabilities		
– Exchange rate contracts	941,046	793,190
– Interest rate contracts	1,311,421	1,424,123
	<u>2,252,467</u>	<u>2,217,313</u>
	=====	=====

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

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V. SEGMENTAL INFORMATION

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

	31-Dec-19		30-Jun-19	
	Outstanding balance HK\$'000	Balance covered by Collateral HK\$'000	Outstanding balance HK\$'000	Balance covered by collateral HK\$'000
By industry categories:				
Advances for use in Hong Kong				
Industrial, Commercial and Financial				
– Property Development	500,000	-	500,000	-
– Financial Concerns	2,691,639	-	2,704,809	-
– Wholesale & Retail Trade	729,129	-	717,961	-
– Manufacturing	9,735,196	112,914	8,509,607	113,218
– Transport & Transport Equipment	5,452,334	-	5,461,237	-
– Electricity & Gas	1,828,607	-	2,701,115	-
– Recreational activities	62,297	-	243,486	-
– Information Technology	1,329,775	-	5,548,863	-
– All others	5,114,341	-	6,727,251	390,408
	<u>27,443,318</u>	<u>112,914</u>	<u>33,114,329</u>	<u>503,626</u>
Individuals	28,808	-	36,052	-
Trade Finance	9,352,109	-	9,970,326	-
Advances for use outside Hong Kong	24,862,865	-	16,911,120	-
	<u>61,687,100</u>	<u>112,914</u>	<u>60,031,827</u>	<u>503,626</u>
	=====	=====	=====	=====

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

V. SEGMENTAL INFORMATION (Continued)

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

	31-Dec-19	30-Jun-19
	HK\$'000	HK\$'000
By countries or geographical areas:		
– Hong Kong	39,612,521	38,046,603
– India	10,706,512	9,584,432
– China	2,642,180	2,822,073
– United States	1,810,574	1,633,330
– Macau	1,636,136	2,466,101
– Cayman Islands	1,043,101	82,662
– Mauritius	971,578	989,139
– South Korea	694,092	824,238
– United Kingdom	618,663	770,156
– Luxembourg	474,044	493,305
– Japan	367,744	9,053
– Singapore	344,984	791,696
– Malawi	311,486	312,326
– Switzerland	294,694	255,049
– New Zealand	78,864	-
– Mexico	42,906	83,316
– Malaysia	17,820	59,505
– France	15,741	14,988
– Thailand	3,380	4,974
– Netherlands	-	780,815
– Canada	-	5,338
– Sri Lanka	-	2,673
– Others	80	57
	<u>61,687,100</u>	<u>60,031,827</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	277,236	495,721
– Cayman Islands	82,439	82,662
– China	38,770	39,019
	<u>398,445</u>	<u>617,402</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:

	31-Dec-19 HK\$'000	30-Jun-19 HK\$'000
– Hong Kong	277,377	495,721
– Cayman Islands	82,439	82,662
– China	38,770	39,019
	<hr/>	<hr/>
	398,586	617,402
	=====	=====

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

– Hong Kong	75,674	75,879
	<hr/>	<hr/>
	75,674	75,879
	=====	=====

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

– Hong Kong	75,674	75,879
	<hr/>	<hr/>
	75,674	75,879
	=====	=====

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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	
As at 31 Dec, 2019			HK\$ Million			
–	Developed countries	29,482	-	7	3,086	32,575
	of which: - <i>United States</i>	<i>29,451</i>	-	-	<i>1,799</i>	<i>31,250</i>
–	Offshore centers	-	-	5,664	31,996	37,660
	of which: - <i>Hong Kong SAR</i>	-	-	<i>5,664</i>	<i>28,083</i>	<i>33,747</i>
–	Developing Asia- Pacific	24,639	135	587	19,926	45,287
	of which: - <i>China</i>	<i>15,853</i>	-	-	<i>9,074</i>	<i>24,927</i>
	- <i>India</i>	<i>4,171</i>	-	<i>587</i>	<i>10,135</i>	<i>14,893</i>
		<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
		54,121	135	6,258	55,008	115,522
		=====	=====	=====	=====	=====

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VI. INTERNATIONAL CLAIMS (Continued)

	Banks	Official Sector	Non-bank financial institutions	Non-financial private sector	Total
As at 30 Jun, 2019					
HK\$ Million					
– Developed countries	17,415	-	-	3,972	21,387
of which:					
- <i>Australia</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>
- <i>Canada</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5</i>	<i>5</i>
- <i>France</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>15</i>	<i>15</i>
- <i>Japan</i>	<i>341</i>	<i>-</i>	<i>-</i>	<i>9</i>	<i>350</i>
- <i>Luxembourg</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>409</i>	<i>409</i>
- <i>Netherlands</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>788</i>	<i>788</i>
- <i>United Kingdom</i>	<i>19</i>	<i>-</i>	<i>-</i>	<i>857</i>	<i>876</i>
- <i>United States</i>	<i>17,054</i>	<i>-</i>	<i>-</i>	<i>1,634</i>	<i>18,688</i>
- <i>Switzerland</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>255</i>	<i>255</i>
– Offshore centers	-	-	5,922	27,590	33,512
of which:					
- <i>Cayman Islands</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>83</i>	<i>83</i>
- <i>Hong Kong SAR</i>	<i>-</i>	<i>-</i>	<i>5,387</i>	<i>23,788</i>	<i>29,175</i>
- <i>Macau SAR</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>2,470</i>	<i>2,470</i>
- <i>Mauritius</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>989</i>	<i>989</i>
- <i>Singapore</i>	<i>-</i>	<i>-</i>	<i>535</i>	<i>260</i>	<i>795</i>
– Developing Africa and Middle East	1	-	-	313	314
of which:					
- <i>South Africa</i>	<i>1</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>1</i>
- <i>Malawi</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>313</i>	<i>313</i>
– Developing Asia-Pacific	24,215	2,895	194	19,581	46,885
of which:					
- <i>China</i>	<i>15,435</i>	<i>195</i>	<i>-</i>	<i>9,254</i>	<i>24,884</i>
- <i>Chinese Taipei</i>	<i>665</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>665</i>
- <i>India</i>	<i>5,139</i>	<i>-</i>	<i>194</i>	<i>9,429</i>	<i>14,763</i>
- <i>Indonesia</i>	<i>786</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>786</i>
- <i>Malaysia</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>60</i>	<i>60</i>
- <i>South Korea</i>	<i>2,190</i>	<i>2,700</i>	<i>-</i>	<i>830</i>	<i>5,720</i>
- <i>Thailand</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>5</i>	<i>5</i>
- <i>Sri Lanka</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>3</i>	<i>3</i>
– Developing Latin America and Caribbean	-	-	-	83	83
of which:					
- <i>Mexico</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>83</i>	<i>83</i>
	41,631	2,895	6,116	51,539	102,181
	41,631	2,895	6,116	51,539	102,181

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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>OTH</u>	<u>Total</u>
As at 31 Dec, 2019		HK\$ Million	
Spot assets	101,744	14,574	116,318
Spot liabilities	(107,145)	(13,549)	(120,694)
Forward purchases	47,000	61,861	108,861
Forward sales	(42,051)	(62,861)	(104,912)
Net option position	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net (short)/long position	(452)	25	(427)
	<u> </u>	<u> </u>	<u> </u>
Net structural position	-	-	-
	<u> </u>	<u> </u>	<u> </u>
	<u>USD</u>	<u>OTH</u>	<u>Total</u>
As at 30 Jun, 2019		HK\$ Million	
Spot assets	83,738	17,858	101,596
Spot liabilities	(97,175)	(12,109)	(109,284)
Forward purchases	74,890	86,720	161,610
Forward sales	(61,916)	(92,462)	(154,378)
Net option position	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net (short)/long position	(463)	7	(456)
	<u> </u>	<u> </u>	<u> </u>
Net structural position	-	-	-
	<u> </u>	<u> </u>	<u> </u>

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VIII. LIQUIDITY INFORMATION

(i) Liquidity ratio

	<u>Quarter ended</u> Dec 31, 2019	<u>Quarter ended</u> Dec 31, 2018
The average liquidity maintenance ratio for the financial period (“Average LMR”)	54.35%	54.83%
	=====	=====

The average LMR are calculated as the simple average of each month’s average corresponding ratio for the period.

(ii) Liquidity risk management process

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

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

(iii) Source of Funding

	As at 31 Dec, 2019		As at 31 Dec, 2018	
	Total amount HK\$'000	As % of total liabilities	Total amount HK\$'000	As % of total liabilities
Significant funding instruments				
- Funding raised from connected parties	89,245,508	65.98%	90,777,344	73.85%
- Funding raised from banks	1,551,003	1.15%	879,411	0.72%
- Deposit from customers	38,697,558	28.61%	25,431,385	20.69%

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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.

	Items in HKMA Return	On-balance sheet exposure HK\$'000	Off-balance sheet exposure HK\$'000	Total HK\$'000
As at 31 Dec, 2019				
Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	1	23,650,370	785,384	24,435,754
Local governments, local government-owned entities and their subsidiaries and JVs	2	2,355,184	-	2,355,184
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	8,206,858	1,931,505	10,138,363
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	3,001,032	2,826,964	5,827,996
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	912,578	-	912,578
Total	8	<u>38,126,022</u>	<u>5,543,853</u>	<u>43,669,875</u>
Total assets after provision	9	<u>135,265,161</u>		
On-balance sheet exposures as percentage of total assets	10	28.19%		

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

IX. MAINLAND ACTIVITIES (CONTINUED)

As at 30 Jun, 2019	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	26,593,273	3,219,258	29,812,531
Local governments, local government-owned entities and their subsidiaries and JVs	2	1,759,750	1,015,989	2,775,739
PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	3	6,874,797	799,225	7,674,022
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	2,542,520	3,025,166	5,567,686
Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	7	719,195	664,301	1,383,496
Total	8	38,489,535	8,723,939	47,213,474
Total assets after provision	9	124,391,662		
On-balance sheet exposures as percentage of total assets	10	30.94%		

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION

(i) Principal Activities

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

(ii) Remuneration system

Introduction

The following information sets forth the remuneration disclosures required under Section 3 of the Guideline on a Sound Remuneration System (CG-5) issued by the Hong Kong Monetary Authority (“HKMA”) in March 2015 (the “Guideline”) and the Banking (Disclosure) (Amendment) Rules 2018 (Section 21: Division 9 - Remuneration), to reflect the Pillar 3 requirements for remuneration disclosure published by the Basel Committee on Banking Supervision in March 2017. The information relates to the incentive remuneration programs operated in respect of performance year 2019 by Bank of America Corporation (“Bank of America” or the “Company”). Annex A of the Guideline outlines the qualitative remuneration disclosure requirements under paragraphs (a) to (f) as exhibited in the following information. The quantitative remuneration disclosures required under the Amendment paragraphs (16ZR) to (16ZV) in respect of Bank of America operations in Hong Kong appear after this section.

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

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

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

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

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

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

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

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

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

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

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

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

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

The Committee has adopted and annually reviews (most recently in September 2019) the Bank of America Compensation Governance Policy (“CGP”) to govern incentive remuneration decisions and define the framework for design oversight of incentive remuneration programs across the Company. The CGP is designed to be consistent with global regulatory initiatives so that the Company’s incentive remuneration plans do not encourage excessive risk-taking.

The Committee receives, from time to time, direct feedback from the independent control functions on remuneration programs. For performance year 2019, in addition to reviewing the individual incentive remuneration awards for executive officers and other senior executives who report directly to the CEO, the Committee also reviewed the outcomes of the Company’s robust control function feedback process, conduct reviews and individual incentive remuneration awards for certain highly compensated employees and material risk takers. As part of its governance routine, the Committee met with the heads of the Company’s independent control functions (including the Chief Risk Officer (“CRO”)) and business lines to discuss their feedback on the pay-for-performance process, including their experience managing risk and conduct matters. In addition, the Company’s CRO also certifies all incentive plans across the Company as part of the MCC’s governance process.

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

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

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

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

During performance year 2019, the Committee held seven (7) meetings. Additional information regarding the Committee is included in the annual Proxy Statement available on Bank of America's Investor Relations website.

The link between pay and performance

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

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

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

The link between pay and performance (continued)

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

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

Risk Management and Incentive Plans

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

Executive management develops for Board approval the Company's Risk Framework, which defines the accountability of the Company and its employees in managing risk; the Company's Risk Appetite Statement, which defines the parameters under which the Company will take risk; and the Company's strategic and financial operating plans. Management monitors, and the Board oversees directly and through its committees, the Company's financial performance, execution against the strategic and financial operating plans, compliance with the risk appetite metrics and the adequacy of internal controls.

The Company believes that prudent risk management practices are applied to its incentive remuneration programs across the enterprise. The Company continually evaluates the design of its remuneration programs in accordance with the Risk Framework. The Committee is committed to a remuneration governance structure that effectively contributes to the Company's broader risk management policies.

The Company's incentive plans are designed to compensate employees based on their performance ratings for results against their individual performance plan and behaviors, as well as overall Company and line of business performance.

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

Risk Management and Incentive Plans (continued)

Incentive plan bonus pools are based on profit measures, which inherently recognize certain underlying risk factors and are further adjusted to reflect the use of capital associated with individual lines of business or products and/or the quality and sustainability of earnings over time. The determination of incentive plan bonus pools is also subject to management discretion which operates so proper account is taken of the performance of the overall Company, individual lines of business, products and other factors including the achievement of strategic objectives.

Incentive plan bonus pools may be adjusted to reflect long-term risk arising through line of business and product performance. These pools are tied to the overall performance, inclusive of risk, of Bank of America and/or specific lines of business or products, creating for employees a vested interest in profitable performance across the Company and its businesses.

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

The remuneration of the independent control functions is determined independently from the line of business supported. The funding of the incentive pool for these employees is based upon overall Company performance with the actual employee awards determined based upon individual performance against predetermined objectives.

Employee Pay

Bank of America compensates its employees using a balanced mix of fixed remuneration, benefits, annual cash incentives and deferred incentives (which are delivered in equity, equity-based instruments or cash). In general, the higher an employee's management level or amount of incentive remuneration award, the greater the proportion of incentive remuneration should be (i) subject to deferral and (ii) delivered in the form of equity-based remuneration. The Company believes equity-based awards are the simplest, most direct way to align employee interests with those of its stockholders. A portion of incentive awards is provided as a deferred incentive that generally becomes earned and payable over a period of three years after grant and will be cancelled in case of detrimental conduct and (for certain risk takers) may be cancelled if the Company, line of business or business unit (as applicable) fails to remain profitable during the vesting period. This approach serves two key objectives, which are to focus employees on long-term sustainable results and to subject remuneration awards at-risk over an appropriate time horizon that can be easily communicated and understood.

SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

Key Personnel Identification and Pay

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

Variable pay for Key Personnel generally consists of a mixture of payments and deferred awards. Deferred awards will be cancelled in the case of detrimental conduct and may be cancelled if the Company, line of business or business unit, as applicable, fails to remain profitable during the vesting period. If risks taken as part of approved business strategies do not result in sustainable profits, or if the employee fails to behave according to Company standards, the value of the deferred equity award may be impacted. The deferral rates for Key Personnel ranged from approximately 30%-60% of total variable remuneration.

By combining deferred awards with the Company’s malus and clawback provisions, the Company considers that it places a strong focus on sustainable long-term results and appropriate behaviors.

Quantitative Disclosures and Tables

The Committee held seven (7) meetings in 2018 and seven (7) in 2019. The 2018 remuneration of the Committee members is disclosed in the 2019 Proxy statement available on Bank of America’s Investor Relations website. 2019 remuneration of the Committee members will similarly be disclosed in the 2020 Proxy statement, to be available on or about 13 March 2020.

Bank of America, N.A. Hong Kong Branch is one of the banking businesses operated in Hong Kong by Bank of America. For performance year 2019, the Bank of America, N.A. Hong Kong Branch employed approximately 500 employees.

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

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(ii) **Remuneration system (continued)**

Quantitative Disclosures and Tables (continued)

16ZT. Remuneration awarded during financial year - annual disclosures

(USD 000's)			2018	2019
Remuneration amount and quantitative information			Key personnel	Key personnel
1	Fixed remuneration	Number of employees	4	5
2		Total fixed remuneration	1,707	2,199
3		- Of which: cash-based	1,707	2,199
4		Of which: deferred	-	-
5		- Of which: shares or other share-linked instruments	-	-
6		Of which: deferred	-	-
7		- Of which: other forms	-	-
8		Of which: deferred	-	-
9	Variable remuneration	Number of employees	4	5
10		Total variable remuneration	3,559	3,972
11		- Of which: cash-based	1,989	2,112
12		Of which: deferred	-	-
13		- Of which: shares or other share-linked instruments	1,570	1,860
14		Of which: deferred	1,570	1,860
15		- Of which: other forms	-	-
16		Of which: deferred	-	-
17	Total remuneration		5,266	6,171

16ZU. Special payments - annual disclosures

(USD 000's)				(e)	(f)		
Special payments		Guaranteed bonuses		Sign-on awards		Severance payments	
		# of EE	Total \$	# of EE	Total \$	# of EE	Total \$
2018	Key personnel	-	-	-	-	-	-
2019	Key personnel	-	-	-	-	-	-

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SECTION A – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

X. OTHER INFORMATION (CONTINUED)

(iii) **Remuneration system (continued)**

Quantitative Disclosures and Tables (continued)

16ZV. Deferred remuneration - annual disclosures

(USD 000's)	(a)	(b)	(c)	(d)	(e)
Deferred and retained remuneration	Total amount of outstanding deferred remuneration (as of Dec 31)	Of which: Total amount of outstanding and deferred and retained remuneration exposed to ex post explicit and/or implicit adjustment (as of Dec 31)	Total amount of amendment during the year due to ex post explicit adjustments	Total amount of amendment during the year due to ex post implicit adjustments	Total amount of deferred remuneration paid out in the financial year
2018 Key personnel					
1	- Cash	-	-	-	-
2	- Shares	3,190	3,190	427	2,750
3	- Cash-linked instruments	-	-	-	-
4	- Other	-	-	-	-
2019 Key personnel					
5	- Cash	-	-	-	-
6	- Shares	4,295	4,295	-	2,459
7	- Cash-linked instruments	-	-	-	-
8	- Other	-	-	-	-

SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

XI. SUPPLEMENTARY INFORMATION (Liquidity Risk Management)

Liquidity risk management

Liquidity risk is the inability to meet expected or unexpected cash flow and collateral needs while continuing to support our businesses and customers under a range of economic conditions.

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

Bank of America, National Association Hong Kong Branch (“BANA Hong Kong”) is a branch of Bank of America, National Association and is governed by the BAC LRP and BANA Hong Kong Liquidity Risk Policy (“BANA Hong Kong LRP”). BANA Hong Kong LRP provides additional requirements for reporting, stress testing risk limits, roles and responsibilities, and regulatory requirements for BANA Hong Kong beyond those described in the BAC LRP.

In BANA Hong Kong, each of the Front Line Units (“FLU’s”) are accountable for managing liquidity risk by establishing appropriate processes to identify, measure, monitor and control the risks associated with their activities. Global Risk Management provides independent oversight of FLU activities.

The BANA Hong Kong Asset and Liability Committee (“ALCO”), reports to the Asia Pacific Regional Risk Committee (the “APAC RRC”), and is responsible for providing management oversight and certain approvals of (or recommending to the APAC RRC or other committees, as appropriate) balance sheet, capital, liquidity management and stress testing activities for BANA Hong Kong.

The BANA Hong Kong LRP is established to provide the overarching governance, controls and risk management practices to monitor and manage liquidity risk across BANA Hong Kong and is approved by the ALCO. The BAC LRP and BANA Hong Kong LRP determine the approach to liquidity risk management and combined with local liquidity risk limits define the overall liquidity risk tolerance for BANA Hong Kong.

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

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

SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

SUPPLEMENTARY INFORMATION (Liquidity Risk Management) (Continued)

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

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

BANA Hong Kong has developed a robust internal liquidity stress testing approach to monitor and measure liquidity stress impacts across several time horizons. It progressively has severe scenarios that incorporate market wide and Company-specific events. The stress tests are used to monitor and analyze the level of cash inflows and outflows including contractual and contingent flows, and to estimate the LMR position during a stress event. The results are reviewed by ALCO regularly.

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

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

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

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SECTION B – BRANCH INFORMATION (HONG KONG OFFICE ONLY)

SUPPLEMENTARY INFORMATION (Liquidity Risk Management) (Continued)

BANA Hong Kong's analysis of on- and off-balance sheet items by remaining maturity and the resultant liquidity gaps as at 31st December 2019 is show as follow:

(HK \$ million)	Repayable on Demand	Within 1 month	>1 month up to 3 months	>3 months up to 1 year	>1 year up to 5 years	over 5 years	undated or overdue
Placement with banks and other financial institutions	35,992	6,708	4,950	7,214	468	-	-
Advances to customers, acceptances and bills of exchange held	199	17,969	6,498	12,308	16,470	8,009	481
Debt securities, prescribed instruments and structured financial instruments held	9,279	17	-	8,134	-	-	-
Other assets	52,76	608	478	9,410	1,602	636	206
Total on-balance sheet assets	45,522	25,302	11,926	37,066	18,540	8,645	687
Total off-balance sheet claims	-	-	-	-	-	-	-
Deposit with banks and other financial institutions	2,848	5,939	21,013	26,751	16,706	10,361	-
Deposit from customers	42,059	3,163	661	0	-	-	-
Other liabilities and capital	2,541	524	520	9,839	1,632	636	2,606
Total on-balance sheet liabilities	47,449	9,626	22,194	36,590	18,338	10,997	2,606
Total off-balance sheet obligations	222	760	1,276	7,536	15,314	2,969	289
Contractual maturity mismatch	(2,148)	14,916	(11,544)	(7,060)	(15,112)	(5,321)	
Cumulative contractual maturity mismatch	(2,148)	12,768	1,223	(5,836)	(20,948)	(26,269)	

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SECTION C – CONSOLIDATED INFORMATION (BANK OF AMERICA CORPORATION)

I. CAPITAL AND CAPITAL ADEQUACY

	31-Dec-19 US\$ Million	30-Jun-19 US\$ Million
- Common Equity Tier 1 Capital ratio (Standardized Approach)	11.20%	11.70%
- Common Equity Tier 1 Capital ratio (Advanced Approach)	11.50%	12.00%
- Tier 1 Capital Ratio (Standardized Approach)	12.60%	13.30%
- Tier 1 Capital Ratio (Advanced Approach)	13.00%	13.70%
- Total Capital Ratio (Standardized Approach)	14.80%	15.60%
- Total Capital ratio (Advanced Approach)	14.70%	15.40%
	US\$ Million	US\$ Million
- The aggregate amount of shareholders' funds	264,810	271,408
- Risk-weighted assets (Standardized Approach)	1,495,027	1,466,458
- Risk-weighted assets (Advanced Approach)	1,446,895	1,431,201
	=====	=====

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

	31-Dec-19 US\$ Million	30-Jun-19 US\$ Million
- Total assets	2,434,079	2,395,892
- Total liabilities	2,169,269	2,124,484
- Total advances (net of allowances)	974,010	954,273
- Total customer deposits	1,434,803	1,375,093
	=====	=====
	31-Dec-19 US\$ Million	30-Jun-19 US\$ Million
- Pre-tax profit	32,754	17,726
	=====	=====

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.