

BANK OF AMERICA, N.A., BANGKOK BRANCH

Bank of America, N.A. Bangkok Branch

Basel II Pillar 3 Disclosures

Reported as of June 30, 2014

Disclosure B: Capital

Item 1: Capital Structure

Qualitative Disclosure:

BANA - Bangkok is a branch of a foreign bank, BANA. Total capital of BANA - Bangkok consists of assets maintained under Section 32 reduced by items deductible from capital as set forth by Bank of Thailand notification no. SorNorSor 14/2555 Re: Components of Capital of Branches of Foreign Commercial Banks, dated November 8, 2012.

As of June 30, 2014, total regulatory capital was THB 4,500 million. There was an increase in capital in June 2014 by converting Retained Earnings to Capital of THB 500 million with effective date on June 12, 2014. Total assets maintained under Section 32 of the Financial Institutions Businesses Act B.E. 2551 were THB 4,628.19 million, all of which were short-term Central Bank bonds issued by the Bank of Thailand.

A. Assets under Section 32 of the Financial Institutions Businesses Act B.E. 2551

Unit : THB

Assets under Section 32	30-Jun-14	31-Dec-13
Central Bank bonds	4,628,194,157.00	4,124,576,219.50
Total Value of Capital Funds as at the Date of Maintenance	4,628,194,157.00	4,124,576,219.50

Quantitative Disclosure:

B. Capital of Foreign Bank Branches (Bank of Thailand requirement 4-2556 : Table 2)

Unit : THB

Item	30-Jun-14	31-Dec-13
1. Assets required to be maintained under Section 32	4,628,194,157.00	4,124,576,219.50
2. Sum of net capital for maintenance of assets under Section 32 and net balance of inter-office accounts (2.1+2.2)	5,009,398,512.46	16,173,788,532.58
2.1 Capital for maintenance of assets under Section 32	4,500,000,000.00	4,000,000,000.00
2.2 Net balance of inter-office accounts which the branch is the debtor(the creditor) to the head office and other branches located in other countries, the parent company and subsidiaries of the head office	509,398,512.46	12,173,788,532.58
3. Total regulatory capital (3.1-3.2)	4,499,214,291.96	4,000,000,000.00
3.1 Total regulatory capital before deductions (The lowest amount among item 1, 2, or 2.1)	4,500,000,000.00	4,000,000,000.00
3.2 Deductions	(785,708.04)	-

Item 2: Capital Adequacy

Qualitative Disclosure:

BANA – Bangkok is required to calculate and report its capital adequacy ratio for regulatory reporting purposes to Bank of Thailand on a monthly basis. BANA – Bangkok is required to maintain a minimum Capital Adequacy Ratio of 8.5% effective date on January 1, 2013.

The capital adequacy position of BANA – Bangkok is reviewed and monitored on a monthly basis by the financial controller and the Local Management Team (LMT). BANA – Bangkok has set an internal threshold above the 8.5% minimum required by the Bank of Thailand.

The LMT is accountable for all aspects of governance and oversight involved with the management of risk in the Branch. This means ensuring that adequate structures are in place for proper oversight, communication, review and understanding of risk and governance issues.

The LMT is headed by the BANA Bangkok Country Executive with other members including representatives from the lines of Business, Treasury, Risk and Operations.

Quantitative Disclosure:

C. Ratio of total capital to Risk-Weighted Assets (Bank of Thailand requirement 4-2556 : Table 8)

As of June 30, 2014, BANA – Bangkok had total regulatory capital of THB 4,500 million, above the total minimum capital required of THB 3,079.82 million, which equals 8.5% of total risk weighted assets. The Basel II – Capital Adequacy Ratio (CAR) was 12.42 % on total risk weighted assets of THB 36,233.12 million.

Unit : %

Ratio	30-Jun-14		31-Dec-13	
	Capital ratio of the bank	Minimum capital ratio according to the BOT regulations	Capital ratio of the bank	Minimum capital ratio according to the BOT regulations
Total Capital to Risk-Weighted Assets	12.42%	8.5%	14.83%	8.5%

Minimum Capital Requirement for Credit Risk Classified by Type of Assets under the Standardized Approach

Credit risk is the risk of loss arising from the inability or failure of a borrower, issuer or counterparty to meet its obligations. The extension of commercial credit by BANA - Bangkok includes term loans, advances, overdrafts, trade finance, and off balance sheet instruments such as foreign exchange & derivatives, guarantees, letters of credit and commitments.

BANA – Bangkok is using the Standardised Approach (SA) for credit risk as measured according to Basel II. Under the SA for credit risk, BANA – Bangkok uses external credit ratings from Standard & Poor’s, Moody’s Investors Service, and Thai Rating and Information Services (TRIS) to assign risk weights for capital adequacy purposes.

As of June 30, 2014, the credit risk capital requirement was THB 1,269.83 million, which was 41.23 % of the total capital requirement of THB 3,079.82 million.

D. Minimum Capital Requirement for Credit Risk Classified by Type of Assets under the SA (Bank of Thailand requirement 4-2556 : Table 3)

Unit : THB

Minimum capital requirement for credit risk classified by type of assets under the SA	30-Jun-14	31-Dec-13
Performing claims		
1. Claims on Sovereigns and Central Banks, Multilateral Development Banks (MDBs), and Non-Central Government Public Sector Entities (PSEs) treated as Claims on Sovereigns	-	-
2. Claims on Financial Institutions , Non-Central Government Public Sector Entities (PSEs) treated as Claims on Financial Institutions, and Securities Firms	757,900,225.41	871,942,686.71
3. Claims on Corporates, Non-Central Government Public Sector Entities (PSEs) treated as Claims on Corporate	507,305,294.56	341,067,399.55
4. Claims on Retail Portfolios	173,158.51	73,280.17
5. Claims on Housing Loans	486,670.38	511,785.72
6. Other Assets	3,961,400.21	7,732,147.75
Non-Performing Claims***	-	-
First-to-default credit derivatives and Securitisation	-	-
Total Minimum Capital Requirement for Credit Risk under the SA	1,269,826,749.07	1,221,327,299.90

*** Non-Performing Assets were nil as of June 30, 2014 and December 31, 2013.

Minimum Capital Requirement for Market Risk under the Standardized Approach

Market risk is the risk that values of assets and liabilities or revenues will be adversely affected by changes in market conditions, such as interest rate movements, currency exchange rates and security prices. BANA – Bangkok is using the Standardized Approach for market risk.

As of June 30, 2014, the market risk capital requirement was THB 1,631.72 million, which was 52.98 % of the total capital requirement of THB 3,079.82 million.

E. Minimum Capital Requirements for Market Risk for Positions in the Trading Book (Bank of Thailand requirement 4-2556 : Table 6)

Unit : THB

Minimum capital requirement for market risk (positions in the trading book)	30-Jun-14	31-Dec-13
Standardized Approach	1,631,719,667.79	894,994,535.60

Minimum Capital Requirement for Operational Risk under Basic Indicator Approach

BANA – Bangkok is using the Basic Indicator Approach for operational risk as measured according to Basel II.

As of June 30, 2014, the operational risk capital requirement was THB 178.27 million, which was 5.79% of the total capital requirement of THB 3,079.82 million.

F. Minimum Capital Requirement for Operational Risk (Bank of Thailand requirement 4-2556 : Table 7)

Unit : THB

Minimum capital requirement for operational risk	30-Jun-14	31-Dec-13
Basic Indicator Approach	178,268,978.98	176,503,113.91

Disclosure C: Risk Exposures and Assessment

Item 4: Market Risk Exposures

Item 4.1: Market Risk under the Standardized Method

Qualitative Disclosure:

BANA – Bangkok calculates its capital charge for market risk by using the Standardized Approach as per Bank of Thailand notification no. SorNorSor 94/2551 Re: Guideline on Supervision of Market Risk and Capital Requirement for Market Risk of Financial Institutions, dated November 27, 2008

As per Bank of Thailand's definition, banks with the average amount of THB-equivalent transactions in a trading book of all currencies over the last 6 months, January to June 2014, of over THB 3,000 million, are considered to have significant positions in the trading book and are required to maintain capital for market risk associated with the following:

- 1) Interest Rate Risk
- 2) Equity Position Risk
- 3) Foreign Exchange Rate Risk
- 4) Commodity Risk

For BANA – Bangkok, market risk is inherent in its operations and arises from both trading and banking positions. Trading exposures represent positions taken in bond holdings, forward exchange contracts, cross currency swaps and interest rate swap which expose BANA – Bangkok to interest rate and foreign exchange rate risk. BANA – Bangkok has no equity or commodity positions.

Quantitative Disclosure:

Minimum Capital Requirements for each type of market risk under the Standardized Approach

As of June 30, 2014, the market risk capital requirement was THB 1,631.72 million, which was 52.98% of the capital requirement of THB 3,079.82 million. As of June 30, 2014 and December 31, 2013, capital charged for interest rate risk and foreign exchange rate risks were as follows.

G. Minimum Capital Requirements for each type of market risk under the Standardized Approach (Bank of Thailand requirement 4-2556 : Table 30)

Unit: THB

Minimum capital requirements for market risk under the Standardized Approach	30-Jun-14	31-Dec-13
Interest Rate Risk	1,610,984,463.94	891,462,692.25
Equity Position Risk	-	-
Foreign Exchange Rate Risk	20,735,203.85	3,531,843.35
Commodity Risk	-	-
Total minimum capital requirements	1,631,719,667.79	894,994,535.60

Disclosure D: Additional disclosure of capital information under the BCBS requirements (Composition of capital disclosure requirements)

Item 2: Disclosure of capital information in transitional period under the Basel III

Unit : Million Baht

Value of capital, inclusions, adjustments and deductions for the period of 30 June 2014		Net amount of item to be included in or deducted from capital under the Basel III
		-
2.1	Capital of foreign bank branch	4,500.00
2.2	Less deduction from capital of foreign bank branch	(0.79)
Total capital of foreign bank branch		4,499.21