

Banc of America Securities Asia Limited
Interim Financial Disclosure Statement

For the period ended
30th June 2017

BANC OF AMERICA SECURITIES ASIA LIMITED

**INTERIM FINANCIAL DISCLOSURE STATEMENT
FOR THE PERIOD ENDED 30th JUNE 2017**

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BANC OF AMERICA SECURITIES ASIA LIMITED**CONDENSED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED 30th JUNE 2017**

	Note	30th June 2017 US\$'000	30th June 2016 US\$'000
Interest income		1,125	586
Interest expense		(10)	-
Net interest income	3	<u>1,115</u>	<u>586</u>
Fee and commission expense	4	(24)	-
Net trading expense	5	<u>(19)</u>	<u>-</u>
Operating income		1,072	586
Operating expenses	6	<u>(353)</u>	<u>(7)</u>
Profit before taxation		719	579
Taxation	7	<u>(116)</u>	<u>(81)</u>
Profit for the period		<u><u>603</u></u>	<u><u>498</u></u>
Total comprehensive income for the period		<u><u>603</u></u>	<u><u>498</u></u>
Attributable to Equity holders		<u><u>603</u></u>	<u><u>498</u></u>

BANC OF AMERICA SECURITIES ASIA LIMITED

**CONDENSED BALANCE SHEET (UNAUDITED)
FOR THE PERIOD ENDED 30th JUNE 2017**

	Note	30th June 2017 US\$'000	31st December 2016 US\$'000	Cross reference to regulatory capital in supplementary financial information Note 2
ASSETS				
Cash and balances with banks	8	265,966	264,968	
Financial assets at fair value through profit or loss	9	-	1,418	
Derivative financial instruments	10	-	3	
		<u> </u>	<u> </u>	
TOTAL ASSETS		<u><u>265,966</u></u>	<u><u>266,389</u></u>	
LIABILITIES				
Deposits and balances from banks		463	1,665	
Amount due to intermediate holding company	15	19	64	
Derivative financial instruments	10	2	5	
Current income tax liabilities		245	130	
Deferred income tax liabilities	11	2	2	
Other liabilities	12	147	38	
		<u> </u>	<u> </u>	
TOTAL LIABILITIES		<u>878</u>	<u>1,904</u>	
EQUITY				
Share capital		220,000	220,000	(1)
Retained earnings		38,621	38,018	(2)
Other reserves	14	6,467	6,467	(3)
		<u> </u>	<u> </u>	
TOTAL EQUITY		<u><u>265,088</u></u>	<u><u>264,485</u></u>	
		<u> </u>	<u> </u>	
TOTAL EQUITY AND LIABILITIES		<u><u>265,966</u></u>	<u><u>266,389</u></u>	

BANC OF AMERICA SECURITIES ASIA LIMITED

**CONDENSED STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED 30th JUNE 2017**

	Share capital US\$'000	Retained earnings US\$'000	Other reserves US\$'000	Total US\$'000
Beginning balance at 1st January 2016	220,000	37,130	6,467	263,597
Profit and total comprehensive income for the period	-	498	-	498
Ending balance at 30th June 2016	<u>220,000</u>	<u>37,628</u>	<u>6,467</u>	<u>264,095</u>
Beginning balance at 1st January 2017	220,000	38,018	6,467	264,485
Profit and total comprehensive income for the period	-	603	-	603
Ending balance at 30th June 2017	<u>220,000</u>	<u>38,621</u>	<u>6,467</u>	<u>265,088</u>

BANC OF AMERICA SECURITIES ASIA LIMITED**CONDENSED STATEMENT OF CASH FLOWS (UNAUDITED)
FOR THE PERIOD ENDED 30th JUNE 2017**

	Six months ended 30th June	
	2017	2016
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before taxation	719	579
Adjustment for:		
Net interest income	(1,115)	(586)
Interest received	1,125	586
Interest paid	(10)	-
	<hr/>	<hr/>
Operating cash flows before movements in working capital	719	579
Change in financial assets at fair value through profit or loss	1,418	-
Change in amount due to intermediate holding company	(45)	(63)
Change in other liabilities	109	-
	<hr/>	<hr/>
Cash generated from operating activities	2,201	516
Income taxes paid	-	-
	<hr/>	<hr/>
Net cash generated from operating activities	2,201	516
	-----	-----
Net increase in cash and cash equivalents	2,201	516
Cash and cash equivalents at 1st January	263,447	263,729
	<hr/>	<hr/>
Cash and cash equivalents at 30th June	265,648	264,245
	<hr/> <hr/>	<hr/> <hr/>
Analysis of the balances of cash and cash equivalents:		
Cash and balances with banks and other financial institutions	5,957	2,577
Money at call and short notice	260,009	41,600
Placements with banks with original maturity within three months	-	220,068
Deposits and balances from banks with original maturity within three months	(318)	-
	<hr/>	<hr/>
	265,648	264,245
	<hr/> <hr/>	<hr/> <hr/>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

1. General information

Banc of America Securities Asia Limited ("the Company") trades Fixed Income and Currency products. The ultimate holding company is Bank of America Corporation ("BAC"), a listed company incorporated in the United States of America.

The Company is a restricted licensed bank regulated by Hong Kong Monetary Authority and Securities and Futures Commission. The address of its registered office is 52/F, Cheung Kong Center, 2 Queen's Road Central, Central, Hong Kong.

The interim financial statements are presented in US dollars, unless otherwise stated.

2. Basis of preparation

This condensed interim financial disclosure statements of the Company for the half-year reporting period ended 30th June 2017 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34 "Interim Financial Reporting".

This condensed interim financial disclosure statements does not include all the notes of the type normally included in an annual financial statements. Accordingly, this report is to be read in conjunction with the annual financial statements for the year ended 31st December 2016.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except for the adoption of new and amended standards as set out below:

(a) New and amended standards adopted by the Company

The standards, amendments and interpretations which are effective for the financial year beginning on 1st January 2017 are not material to the Company.

(b) New standards and interpretations not yet adopted by the Company

A number of new standards and amendments to standards and interpretations are effective for interim periods beginning after 1st January 2017, and have not been applied in preparing the financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the followings set out below:

- HKFRS 9, "Financial instruments" addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss ("FVTPL"). The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at FVTPL with the irrevocable option at inception to present changes in fair value in OCI not recycling.

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

2. Basis of preparation (Continued)

There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at FVTPL. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedged ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1st January 2018. Early adoption is permitted. The Company is assessing HKFRS 9's impact.

- HKFRS 15, "Revenue from contracts with customers" deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction contracts" and related interpretations. The standard is effective for annual periods beginning on or after 1st January 2018 and earlier application is permitted. The Company is assessing the impact of HKFRS 15.

There are no other standards or interpretations that are not yet effective that would be expected to have a material impact on the Company.

3. Net interest income

	30th June 2017 US\$'000	30th June 2016 US\$'000
Interest income:		
Placements with banks	1,085	586
Financial assets at fair value through profit or loss	40	-
	<u>1,125</u>	<u>586</u>
Interest expense:		
Deposits and balances from banks	(10)	-
Net interest income	<u>1,115</u>	<u>586</u>

For the six month period ended 30th June 2017, the Company's interest income and interest expenses are US\$1,085,000 (2016: US\$586,000) and US\$10,000 (2016: Nil) for financial assets and financial liabilities that are not at fair value through profit or loss respectively.

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

4. Fee and commission expense

	30th June 2017 US\$'000	30th June 2016 US\$'000
Securities custodian fees	23	-
Other fees paid	1	-
	<hr/>	<hr/>
Fee and commission expense	24	-
	<hr/> <hr/>	<hr/> <hr/>

No fee income and fee expenses, other than amounts included in determining the effective interest rate, arising from financial assets or financial liabilities that are not held for trading nor designated at fair value.

5. Net trading expense

	30th June 2017 US\$'000	30th June 2016 US\$'000
Net foreign exchange gain	(29)	-
Net loss from financial assets at fair value through profit or loss	48	-
	<hr/>	<hr/>
	19	-
	<hr/> <hr/>	<hr/> <hr/>

6. Operating expenses

	30th June 2017 US\$'000	30th June 2016 US\$'000
Foreign exchange	-	(1)
Service fee expenses	348	-
Legal and professional fees	1	-
Licence fee	4	8
	<hr/>	<hr/>
	353	7
	<hr/> <hr/>	<hr/> <hr/>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

7. Taxation

Hong Kong profits tax has been calculated at the rate of 16.5% on the estimated assessable profit for the period.

(a) The amount of tax charged to the statement of comprehensive income represents:

	30th June 2017 US\$'000	30th June 2016 US\$'000
Current income tax:		
- Hong Kong profits tax	116	96
Deferred tax		
- Origination/ (Reversal) of temporary differences	-	(15)
Taxation	<u>116</u>	<u>81</u>

(b) The tax on the Company's profit before taxation differs from the theoretical amount that would arise using the taxation rate of the home country of the Company as follows:

	30th June 2017 US\$'000	30th June 2016 US\$'000
Profit before taxation	<u>719</u>	<u>579</u>
Calculated at Hong Kong profits tax rate of 16.5%	119	96
Tax effect:		
Income not taxable for tax purposes	(3)	-
Temporary differences recognised/ (reversal)	-	(15)
Taxation	<u>116</u>	<u>81</u>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

8. Cash and balances with banks

	30th June 2017 US\$'000	31st December 2016 US\$'000
Demand balances with banks	5,957	4,959
Money at call and short notice	260,009	260,009
	<u>265,966</u>	<u>264,968</u>

9. Financial assets at fair value through profit or loss

	30th June 2017 US\$'000	31st December 2016 US\$'000
Unlisted debt securities, at fair value:		
Government bonds	-	1,418
	<u>-</u>	<u>1,418</u>

10. Derivatives financial instruments

The Company uses the following derivative instruments for trading purpose. None of the derivative financial instruments is subject to bilateral netting arrangement.

The fair values of derivative instruments held are set out below:

	Notional amount US\$'000	Fair Value	
		Assets US\$'000	Liabilities US\$'000
At 30th June 2017			
Derivatives held for trading			
- Exchange rate contracts			
Currency swaps	1,536	-	(2)
	<u>1,536</u>	<u>-</u>	<u>(2)</u>
At 31st December 2016			
Derivatives held for trading			
- Exchange rate contracts			
Currency swaps	2,932	3	(5)
	<u>2,932</u>	<u>3</u>	<u>(5)</u>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

11. Deferred income tax liabilities

Deferred taxation is calculated in full on temporary differences under the liability method using a principal taxation rate of 16.5% (2016: 16.5%). The movement in the deferred income tax liability in respect of depreciation allowances during the period is as follows:

	US\$'000
Beginning balance at 1st January 2016	17
Charge to the statement of comprehensive income for the year	(15)
	<hr/>
Ending balance at 31st December 2016	2
Charge to the statement of comprehensive income for the period	-
	<hr/>
Ending balance at 30th June 2017	<u>2</u>

12. Other liabilities

	30th June 2017 US\$'000	31st December 2016 US\$'000
Other payable	<u>147</u>	<u>38</u>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

13. Fair value of financial assets and liabilities

The fair value of financial instruments traded in an active market (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Company is the current bid price; the appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using forward exchange market rates at the balance sheet date.

- (a) The fair values of financial assets and liabilities not presented at fair value in the Company's balance sheet are estimated as follows:

Cash and short term funds

The fair value of floating rate placements and overnight deposits is their carrying amounts. The estimated fair value of fixed interest bearing deposits, which is normally less than one year, is based on discounted cash flows using prevailing money-market interest rates for debts with similar credit risk and remaining maturity. Therefore the fair value is approximately equal to its carrying value.

Other liabilities

The carrying value of other liabilities approximates their fair value as these balances are generally short term in nature and the associated credit risk considered to be insignificant.

- (b) Fair value hierarchy

HKFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources; unobservable inputs reflect the Company's market assumptions. These two types of inputs have created the following fair value hierarchy:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes actively traded securities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This level includes the majority of the OTC derivative contracts. The sources of input parameters are Bloomberg and Reuters.

Level 3 – Inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

13. Fair value of financial assets and liabilities (Continued)

(b) Fair value hierarchy (Continued)

	Level 2 US\$'000
At 30th June 2017	
Liabilities	
Derivative financial instruments	
Exchange rate contracts	2
	<hr/>
Total liabilities	2
	<hr/> <hr/>

At 30th June 2017, there was no financial assets at fair value through profit and loss.

	Level 2 US\$'000
At 31st December 2016	
Assets	
Financial assets at fair value through profit or loss	
Debt securities	1,418
Derivative financial instruments	
Exchange rate contracts	3
	<hr/>
Total assets	1,421
	<hr/> <hr/>
Liabilities	
Derivative financial instruments	
Exchange rate contracts	5
	<hr/>
Total liabilities	5
	<hr/> <hr/>

There were no transfers of financial assets or liabilities between levels of the fair value hierarchy classifications during the six months to 30th June 2017 and 2016. There were also no changes made to any of the valuation techniques applied as of 31st December 2016.

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

14. Other reserves

	Share-based payments reserve US\$'000
At 1st January 2016	6,467
Directors' and employees' stocks and stock options granted	-
	<hr/>
At 31st December 2016	6,467
At 1st January 2017	
Directors' and employees' stocks and stock options granted	-
	<hr/>
At 30th June 2017	<u>6,467</u>

15. Balance with group companies

Included in the following balance sheet captions are balances with subsidiaries of BAC, the ultimate holding company.

	30th June 2017 US\$'000	31st December 2016 US\$'000
<u>Assets</u>		
Cash and balance with banks		
Demand balances with banks	5,792	4,932
Money at call and short notice	260,009	260,009
	<hr/>	<hr/>
	265,801	264,941
	-----	-----
Derivative financial instruments	-	3
	<hr/>	<hr/>
	265,801	264,944
	<hr/> <hr/>	<hr/> <hr/>
<u>Liabilities</u>		
Deposits and balances from banks	458	1,665
Amount due to intermediate holding company	19	64
Derivative financial instruments	2	5
	<hr/>	<hr/>
	479	1,734
	<hr/> <hr/>	<hr/> <hr/>

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

16. Related party transactions

The Company is wholly owned by BankAmerica International Financial Corporation, a limited company incorporated in the United States of America. The ultimate holding and controlling party of the Company is BAC, a listed company incorporated in the United States of America.

In addition to balances with group companies as set out in note 15, the Company had the following material transactions with related parties during the period:

(a) Profit and loss

	Note	30th June 2017 US\$'000	30th June 2016 US\$'000
Interest income on placements	(i)	1,085	586
Interest expense on deposits	(ii)	(10)	-
Service fee expenses	(iii)	(348)	-
		<u> </u>	<u> </u>

Note:

- (i) The interest income was generated from placements with an intermediate holding company. The interest rates are similar to that which would normally apply to customers of comparable standing.
- (ii) The interest expenses were paid on deposits from an intermediate holding company. The interest rates are similar to that which would normally apply to customers of comparable standing.
- (iii) Service fee expenses represent expenses paid and payable for supporting services provided by group companies and expenses recognised when certain charges are accrued by the service provider. Service fees are calculated in accordance with BAC Global Transfer Pricing Policy and are generally documented in service level agreements entered into between the Company and other group companies.

(b) Derivatives transactions

	Note	30th June 2017 US\$'000	31st December 2016 US\$'000
Exchange rate contracts with a fellow subsidiary for trading purpose	(i)	<u>1,536</u>	<u>2,932</u>

Note:

- (i) Balances represent the contractual notional amount of the outstanding currency swap contracts entered into with a fellow subsidiary. The terms of these contracts were entered in accordance with terms and conditions which would apply to customers of comparable standing.

BANC OF AMERICA SECURITIES ASIA LIMITED

NOTES TO THE INTERIM FINANCIAL DISCLOSURE STATEMENT (UNAUDITED)

17. Contingent liabilities and commitments

At 30th June 2017 and 31st December 2016, the Company did not have any contingent liabilities and commitments.

18. Event after reporting period

On 1st Aug 2017, the Company's immediate holding company, BankAmerica International Financial Corporation, transferred and contributed its shares in BA Australia Limited to the Company. Upon the contribution, the Company's paid-up capital increased by US\$271,442,000 and BA Australia Limited became a wholly-owned subsidiary of the Company.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

1. Liquidity information

Liquidity maintenance ratio

For the six months ended
30th June 2017

Average liquidity maintenance ratio for the financial period	7,381.96%
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The Banking (Liquidity) Rules ('BLR'), effective on 1st January 2015, signified the implementation of Liquidity Maintenance Ratio ('LMR') for category 2 Institution under Basel III liquidity standards in Hong Kong.

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.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management

2.1 The bank is required to compute its capital adequacy ratio and leverage ratio on a solo basis.

2.2 Capital Adequacy and Reconciliation of Regulatory Capital to the Financial Statement

The following table sets out the detailed composition of the Company's regulatory capital as at 30th June 2017.

USD'000		Component of regulatory capital reported by Bank	Amounts subject to pre-Basel III treatment*	Cross reference to condensed balance sheet
CET1 capital: instruments and reserves				
1	Directly issued qualifying CET1 capital instruments plus any related share premium	220,000		(1)
2	Retained earnings	38,621		(2)
3	Disclosed reserves	6,467		(3)
4	<i>Directly issued capital subject to phase out from CET1 capital (only applicable to non-joint stock companies)</i>	Not applicable		
	<i>Public sector capital injections grandfathered until 1 January 2018</i>	Not applicable		
5	Minority interests arising from CET1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in CET1 capital of the consolidation group)	-		
6	CET1 capital before regulatory deductions	265,088		
CET1 capital: regulatory deductions				
7	Valuation adjustments	-		
8	Goodwill (net of associated deferred tax liability)	-		
9	Other intangible assets (net of associated deferred tax liability)	-	-	
10	Deferred tax assets net of deferred tax liabilities	-		
11	Cash flow hedge reserve	-		
12	Excess of total EL amount over total eligible provisions under the IRB approach	-	-	
13	Gain-on-sale arising from securitization transactions	-		
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-	-	
15	Defined benefit pension fund net assets (net of associated deferred tax liabilities)	-	-	
16	Investments in own CET1 capital instruments (if not already netted off paid-in capital on reported balance sheet)	-	-	
17	Reciprocal cross-holdings in CET1 capital instruments	-	-	

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

18	Insignificant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
19	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
20	Mortgage servicing rights (amount above 10% threshold)	Not applicable		
21	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	Not applicable		
22	Amount exceeding the 15% threshold	Not applicable		
23	of which: significant investments in the common stock of financial sector entities	Not applicable		
24	of which: mortgage servicing rights	Not applicable		
25	of which: deferred tax assets arising from temporary differences	Not applicable		
26	National specific regulatory adjustments applied to CET1 capital	-		
26a	Cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties)	-		
26b	Regulatory reserve for general banking risks	-		
26c	Securitization exposures specified in a notice given by the Monetary Authority	-		
26d	Cumulative losses below depreciated cost arising from the institution's holdings of land and buildings	-		
26e	Capital shortfall of regulated non-bank subsidiaries	-	-	
26f	Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	-	
27	Regulatory deductions applied to CET1 capital due to insufficient AT1 capital and Tier 2 capital to cover deductions	-		
28	Total regulatory deductions to CET1 capital	-		
29	CET1 capital	265,088		

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

AT1 capital: instruments				
30	Qualifying AT1 capital instruments plus any related share premium	-		
31	of which: classified as equity under applicable accounting standards	-		
32	of which: classified as liabilities under applicable accounting standards	-		
33	<i>Capital instruments subject to phase out arrangements from AT1 capital</i>	-		
34	AT1 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in AT1 capital of the consolidation group)	-		
35	<i>of which: AT1 capital instruments issued by subsidiaries subject to phase out arrangements</i>	-		
36	AT1 capital before regulatory deductions	-		
AT1 capital: regulatory deductions				
37	Investments in own AT1 capital instruments	-	-	
38	Reciprocal cross-holdings in AT1 capital instruments	-	-	
39	Insignificant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-	
40	Significant capital investments in AT1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-	
41	National specific regulatory adjustments applied to AT1 capital	-		
41a	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 1 capital	-		
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	-		
ii	of which: Capital shortfall of regulated non-bank subsidiaries	-		
iii	of which: Investments in own CET1 capital instruments	-		
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	-		

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

v	of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-		
vi	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
vii	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
42	Regulatory deductions applied to AT1 capital due to insufficient Tier 2 capital to cover deductions	-		
43	Total regulatory deductions to AT1 capital	-		
44	AT1 capital	-		
45	Tier 1 capital (Tier 1 = CET1 + AT1)	265,088		
Tier 2 capital: instruments and provisions				
46	Qualifying Tier 2 capital instruments plus any related share premium	-		
47	<i>Capital instruments subject to phase out arrangements from Tier 2 capital</i>	-		
48	Tier 2 capital instruments issued by consolidated bank subsidiaries and held by third parties (amount allowed in Tier 2 capital of the consolidation group)	-		
49	<i>of which: capital instruments issued by subsidiaries subject to phase out arrangements</i>	-		
50	Collective impairment allowances and regulatory reserve for general banking risks eligible for inclusion in Tier 2 capital	-		
51	Tier 2 capital before regulatory deductions	-		
Tier 2 capital: regulatory deductions				
52	Investments in own Tier 2 capital instruments	-	-	-
53	Reciprocal cross-holdings in Tier 2 capital instruments	-	-	-

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

54	Insignificant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	-	-
55	Significant capital investments in Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	-
56	National specific regulatory adjustments applied to Tier 2 capital	-	
56a	Add back of cumulative fair value gains arising from the revaluation of land and buildings (own-use and investment properties) eligible for inclusion in Tier 2 capital	-	
56b	Portion of deductions applied 50:50 to core capital and supplementary capital based on pre-Basel III treatment which, during transitional period, remain subject to deduction from Tier 2 capital	-	
i	of which: Excess of total EL amount over total eligible provisions under the IRB approach	-	
ii	of which: Capital shortfall of regulated non-bank subsidiaries	-	
iii	of which: Investments in own CET1 capital instruments	-	
iv	of which: Reciprocal cross holdings in CET1 capital instruments issued by financial sector entities	-	
v	of which: Capital investment in a connected company which is a commercial entity (amount above 15% of the reporting institution's capital base)	-	
vi	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
vii	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-	
57	Total regulatory deductions to Tier 2 capital	-	

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

58	Tier 2 capital	-		
59	Total capital (Total capital = Tier 1 + Tier 2)	265,088		
59a	Deduction items under Basel III which during transitional period remain subject to risk-weighting, based on pre-Basel III treatment			
i	of which: Mortgage servicing rights	-		
ii	of which: Defined benefit pension fund net assets	-		
iii	of which: Investments in own CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments	-		
iv	of which: Capital investment in a connected company which is a commercial entity	-		
v	of which: Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
vi	of which: Significant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
60	Total risk weighted assets	54,986		
Capital ratios (as a percentage of risk weighted assets)				
61	CET1 capital ratio	482.10%		
62	Tier 1 capital ratio	482.10%		
63	Total capital ratio	482.10%		
64	Institution specific buffer requirement (minimum CET1 capital requirement as specified in s.3A, or s.3B, as the case requires, of the BCR plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB or D-SIB requirements)	5.75%		
65	<i>of which: capital conservation buffer requirement</i>	1.25%		
66	<i>of which: bank specific countercyclical buffer requirement</i>	0.00%		
67	<i>of which: G-SIB or D-SIB buffer requirement</i>	0.00%		

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

68	CET1 capital surplus over the minimum CET1 requirement and any CET1 capital used to meet the Tier 1 and Total capital requirement under s.3A, or s.3B, as the case requires, of the BCR	470.10%		
National minima (if different from Basel 3 minimum)				
69	National CET1 minimum ratio	Not applicable		
70	National Tier 1 minimum ratio	Not applicable		
71	National Total capital minimum ratio	Not applicable		
Amounts below the thresholds for deduction (before risk weighting)				
72	Insignificant capital investments in CET1 capital instruments, AT1 capital instruments and Tier 2 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
73	Significant capital investments in CET1 capital instruments issued by financial sector entities that are outside the scope of regulatory consolidation	-		
74	Mortgage servicing rights (net of related tax liability)	Not applicable		
75	Deferred tax assets arising from temporary differences (net of related tax liability)	Not applicable		
Applicable caps on the inclusion of provisions in Tier 2 capital				
76	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the basic approach and the standardized (credit risk) approach (prior to application of cap)	-		
77	Cap on inclusion of provisions in Tier 2 under the basic approach and the standardized (credit risk) approach	-		
78	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to the IRB approach (prior to application of cap)	-		
79	Cap for inclusion of provisions in Tier 2 under the IRB approach	-		

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Regulatory Capital (Continued)

Capital instruments subject to phase-out arrangements		
80	<i>Current cap on CET1 capital instruments subject to phase out arrangements</i>	Not applicable
81	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	Not applicable
82	<i>Current cap on AT1 capital instruments subject to phase out arrangements</i>	-
83	<i>Amount excluded from AT1 capital due to cap (excess over cap after redemptions and maturities)</i>	-
84	<i>Current cap on Tier 2 capital instruments subject to phase out arrangements</i>	-
85	<i>Amount excluded from Tier 2 capital due to cap (excess over cap after redemptions and maturities)</i>	-

* This refers to the position under the Banking (Capital) Rules in force on 31st December 2012.

Abbreviations:

CET1: Common Equity Tier 1

AT1: Additional Tier 1

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BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

2.3 Main Features of Capital instruments

The following is a summary of main features of the Company's issued Common Equity Tier 1 ("CET1") capital instrument outstanding as at 30th June 2017

There had been no new issuance, reduction or material changes to the nature of the CET1 capital instrument for the six months ended 30th June 2017.

The Company did not have Additional Tier 1 or Tier 2 capital instruments as of 30th June 2017.

1	Issuer	Banc of America Securities Asia Limited
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	BBG002Y21XT8
3	Governing law(s) of the instrument	Hong Kong Law
	<i>Regulatory treatment</i>	
4	Transitional Basel III rules [#]	Common Equity Tier 1
5	Post-transitional Basel III rules ⁺	Common Equity Tier 1
6	Eligible at solo*/group/group & solo	Solo
7	Instrument type (types to be specified by each jurisdiction)	Ordinary shares
8	Amount recognised in regulatory capital (Currency in million, as of most recent reporting date)	USD 220 mil
9	Par value of instrument	USD 220 mil
10	Accounting classification	Shareholders' equity
11	Original date of issuance	May 22, 1973
12	Perpetual or dated	Perpetual
13	Original maturity date	No Maturity
14	Issuer call subject to prior supervisory approval	No
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable	NA
	<i>Coupons / dividends</i>	
17	Fixed or floating dividend/coupon	Discretionary dividend amount
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	No

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Main Features of Capital instruments (Continued)

20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	No
22	Noncumulative or cumulative	Noncumulative
23	Convertible or non-convertible	Nonconvertible
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	No
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	No
36	Non-compliant transitioned features	No
37	If yes, specify non-compliant features	NA

Footnote:

- # *Regulatory treatment of capital instruments subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*
- + *Regulatory treatment of capital instruments not subject to transitional arrangements provided for in Schedule 4H of the Banking (Capital) Rules*

2.4 Reconciliation between regulatory capital components to the condensed balance sheet

The Company's condensed balance sheet for accounting and regulatory purposes as at 30th June 2017 were identical. See the reconciliation between regulatory capital components to the condensed balance sheet as at 30th June 2017 on pages 17 to 24.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

2.5 Capital adequacy ratios

The capital base and risk-weighted amount (“RWA”) used in the calculation of the capital adequacy ratios as at 30th June 2017 and reported to the HKMA is analysed as follows:

	As at 30th June 2017 US\$'000
Capital base:	
Common Equity Tier 1 Capital	265,088
Tier 1 Capital	265,088
Total Capital	265,088
 Total RWA	 54,986

The table below summarises the ratios and the composition of regulatory capital of the Company as at 30th June 2017.

	As at 30th June 2017
Capital adequacy ratios	
Common Equity Tier 1	482.10%
Tier 1	482.10%
Total	482.10%

The capital adequacy ratios (including Common Equity Tier 1, Tier 1 Capital and Total Capital ratios) as at 30th June 2017 was calculated in accordance with the Banking (Capital) Rules (the “Capital Rules”) issued by the HKMA under section 98A of the Hong Kong Banking Ordinance. HKMA has implemented Basel III capital adequacy requirements with effective on 1st January 2014. In accordance with the Capital Rules, the Company has adopted the “standardised (credit risk) approach” for the calculation of the risk-weighted assets for credit risk and the “basic indicator approach” for the calculation of operational risk.

Besides, the Company is exempted from market risk capital requirement as in agreement with the HKMA.

There were no regulatory deductions on the Company’s Common Equity Tier 1 capital and the total capital base as at 30th June 2017. In addition, there were no limits or minima applied to the calculation of the capital base of the Company in accordance with the Capital Rules.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Capital adequacy ratios (Continued)

The Banking (Capital) (Amendment) Rules 2014 came into effect on 1st January 2015 to implement the Basel III capital buffer requirements in Hong Kong. The changes include the phase-in from 2016 to 2019 of the Capital Conservation Buffer ("CCB") which is designed to ensure banks build up capital outside periods of stress of 2.5% of risk-weighted assets, the Countercyclical Capital Buffer ("CCyB") which is set on an individual country basis and is built up during periods of excess credit growth to protect against future losses, and the Higher Loss Absorbency ("HLA") requirements for Domestic Systemically Important Banks ("D-SIB"). On 27th January 2015 and 14th January 2016, the HKMA announced a CCyB for Hong Kong of 0.625% and 1.25% of risk-weighted assets from 1st January 2016 and 1st January 2017 respectively under the phase-in arrangements of Basel III, equivalent to 2.5% once fully phased in. On 16th March 2015 and 31st December 2015, the HKMA announced that the Company is not designed as a D-SIB in Hong Kong and is not required to establish risk-weighted assets for HLA from 1st January 2016 under the phase-in arrangement.

During the period, the Company has complied with all of the externally imposed capital requirements set by the HKMA.

Countercyclical capital buffer ratio

Countercyclical capital buffer ("CCyB") ratio is the weighted average of the applicable jurisdictional CCyB ("JCCyB") rates in respect of the jurisdictions (including Hong Kong) where the Company has private sector credit exposures. The attribution of the Company's private sector credit exposures by jurisdiction is determined on an ultimate risk basis set out in the guideline on "Countercyclical Capital Buffer – Geographic Allocation of Private Sector Credit Exposures" under the Supervisory Policy Manual issued by HKMA.

The applicable CCyB ratio to the Company is as follows:

	As at 30th June 2017
Countercyclical capital buffer ("CCyB") ratio	0%

Geographical breakdown of risk-weighted amounts (RWA) in relation to private sector credit exposures

As at 30th June 2017					
	Jurisdiction	Applicable JCCyB ratio in effect	Total RWA used in computation of CCyB ratio	CCyB ratio	CCyB amount
		%	US\$'000	%	US\$'000
1	Hong Kong SAR	1.250%	-		
2	United Kingdom	0.000%	12		
	Total		12	0.000%	-

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

The capital and total exposure measure used in the calculation of the leverage ratio is summarised as follows:

	As at 30th June 2017 US\$'000
Tier 1 capital	265,088
Total exposures measure	265,989

Leverage ratio

	As at 30th June 2017
Leverage ratio	99.66%

The following is a breakdown of the Company's leverage ratio exposure measures as at 30th June 2017:

	Item	Leverage ratio framework US\$'000
On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	265,966
2	Less: Asset amounts deducted in determining Basel III Tier 1 capital (reported as negative amounts)	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	265,966
Derivative exposures		
4	Replacement cost associated with all derivatives transactions (i.e. net of eligible cash variation margin)	-
5	Add-on amounts for PFE associated with all derivatives transactions	23
6	Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework	-
7	Less: Deductions of receivables assets for cash variation margin provided in derivatives transactions (reported as negative amounts)	-
8	Less: Exempted CCP leg of client-cleared trade exposures (reported as negative amounts)	-
9	Adjusted effective notional amount of written credit derivatives	-
10	Less: Adjusted effective notional offsets and add-on deductions for written credit derivatives (reported as negative amounts)	-
11	Total derivative exposures (sum of lines 4 to 10)	23

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Capital management (Continued)

Leverage ratio (Continued)

	Item	Leverage ratio framework US\$'000
Securities financing transaction exposures		
12	Gross SFT assets (with no recognition of netting), after adjusting for sales accounting transactions	-
13	Less: Netted amounts of cash payables and cash receivables of gross SFT assets (reported as negative amounts)	-
14	CCR exposure for SFT assets	-
15	Agent transaction exposures	-
16	Total securities financing transaction exposures (sum of lines 12 to 15)	-
Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	-
18	Less: Adjustments for conversion to credit equivalent amounts (reported as negative amounts)	-
19	Off-balance sheet items (sum of lines 17 and 18)	-
Capital and total exposures		
20	Tier 1 capital	265,088
21	Total exposures (sum of lines 3, 11, 16 and 19)	265,989
Leverage ratio		
22	Basel III leverage ratio	99.66%

The following is the reconciliation between the Company's unaudited condensed balance sheet to leverage ratio exposure measures as at 30th June 2017:

	Item	Leverage ratio framework US\$'000
1	Total consolidated assets as per published financial statements	265,966
2	Adjustment for investments in banking, financial, insurance or commercial entities that are consolidated for accounting purposes but outside the scope of regulatory consolidation	-
3	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4	Adjustments for derivative financial instruments	23
5	Adjustment for securities financing transactions (i.e. repos and similar secured lending)	-
6	Adjustment for off-balance sheet items (i.e. conversion to credit equivalent amounts of off-balance sheet exposures)	-
7	Other adjustments	-
8	Leverage ratio exposure	265,989

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

2. Overview of Risk Weighted Assets

The table below provides breakdown of RWA and the corresponding minimum capital requirements (i.e. 8% of RWA) of the Company.

		(a)	(b)	(c)
		RWA USD'000		Minimum capital requirements USD'000
		As at 30th June 2017	As at 31st March 2017	As at 30th June 2017
1	Credit risk for non-securitization exposures	53,193	53,279	4,255
2	Of which STC approach	53,193	53,279	4,255
2a	Of which BSC approach	-	-	-
3	Of which IRB approach	-	-	-
4	Counterparty credit risk	17	53	1
5	Of which SA-CCR	-	-	-
5a	Of which CEM	12	37	1
6	Of which IMM(CCR) approach	-	-	-
7	Equity exposures in banking book under the market-based approach	-	-	-
8	CIS exposures – LTA	-	-	-
9	CIS exposures – MBA	-	-	-
10	CIS exposures – FBA	-	-	-
11	Settlement risk	-	-	-
12	Securitization exposures in banking book	-	-	-
13	Of which IRB(S) approach – ratings-based method	-	-	-
14	Of which IRB(S) approach – supervisory formula method	-	-	-
15	Of which STC(S) approach	-	-	-
16	Market risk	-	-	-
17	Of which STM approach	-	-	-
18	Of which IMM approach	-	-	-
19	Operational risk	1,776	1,445	142
20	Of which BIA approach	1,776	1,445	142
21	Of which STO approach	-	-	-
21a	Of which ASA approach	-	-	-
22	Of which AMA approach	N/A	N/A	N/A

3. Overview of Risk Weighted Assets (Continued)

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

		(a)	(b)	(c)
		RWA USD'000		Minimum capital requirements USD'000
		As at 30th June 2017	As at 31st March 2017	As at 30th June 2017
23	Amounts below the thresholds for deduction (subject to 250% RW)	-	-	-
24	Capital floor adjustment	-	-	-
24a	Deduction to RWA	-	-	-
24b	Of which portion of regulatory reserve for general banking risks and collective provisions which is not included in Tier 2 Capital	-	-	-
24c	Of which portion of cumulative fair value gains arising from the revaluation of land and buildings which is not included in Tier 2 Capital	-	-	-
25	Total	54,986	54,777	4,398
N/A: Not applicable in the case of Hong Kong				

4. Credit Risk

The Company uses the standardised approach for calculation of credit risk.

(a) Credit quality of exposures

At 30th June 2017, the Company did not have any loans, debt securities and off-balance sheet exposures for calculation of credit risk.

(b) Changes in defaulted loans and debt securities

At 30th June 2017, the Company did not have any defaulted loans and debt securities.

(c) Overview of recognized credit risk mitigation

At 30th June 2017, the Company did not have any loans and debt securities covered by recognized credit risk mitigation.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

4. Credit Risk (Continued)

(d) Credit risk exposures and effects of recognized credit risk mitigation –STC approach

As at 30th June 2017		(a)	(b)	(c)	(d)	(e)	(f)
		Exposures pre-CCF and pre-CRM		Exposures post-CCF and post-CRM		RWA and RWA density	
		On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
Exposure classes		US\$'000				US\$'000	(%)
1	Sovereign exposures	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-
4	Bank exposures	265,966	-	265,966	-	53,193	20
5	Securities firm exposures	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-
13	Past due exposures	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-
15	Total	265,966	-	265,966	-	53,193	20

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

4. Credit Risk (Continued)

(e) Credit risk exposures by asset classes and by risk weights – for STC approach

As at 30th June 2017												
Exposure class	Risk Weight	(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(ha)	(i)	(j)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total credit risk exposures amount (post CCF and post CRM)
US\$'000												
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	265,966	-	-	-	-	-	-	-	265,966
5	Securities firm exposures	-	-	-	-	-	-	-	-	-	-	-
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Cash items	-	-	-	-	-	-	-	-	-	-	-
9	Exposures in respect of failed delivery on transactions entered into on a basis other than a delivery-versus-payment basis	-	-	-	-	-	-	-	-	-	-	-
10	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
11	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
12	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
13	Past due exposures	-	-	-	-	-	-	-	-	-	-	-
14	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
15	Total	-	-	265,966	-	-	-	-	-	-	-	265,966

The bank adopted STC approach only for its credit risk capital requirement.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5. Counterparty Credit Risk

(a) Analysis of counterparty default risk exposures (other than those to CCPs) by approaches

		(a)	(b)	(c)	(d)	(e)	(f)
		Replacement cost (RC)	PFE	Effective EPE	Alpha (α) used for computing default risk exposure	Default risk exposure after CRM	RWA
	As at 30th June 2017	US\$'000					
1	SA-CCR (for derivative contracts)	-	23		N/A	23	12
1a	CEM	-	-		-	-	-
2	IMM (CCR) approach			-	-	-	-
3	Simple Approach (for SFTs)					-	-
4	Comprehensive Approach (for SFTs)					-	-
5	VaR (for SFTs)					-	-
6	Total						12

Before SA-CCR comes into effect, the current exposure method (CEM) is used for calculating default risk exposures of derivative contracts.

(b) CVA capital charge

		(a)	(b)
		EAD post CRM	RWA
	As at 30th June 2017	US\$'000	
	Netting sets for which CVA capital charge is calculated by the advanced CVA method	-	-
1	(i) VaR (after application of multiplication factor if applicable)		-
2	(ii) Stressed VaR (after application of multiplication factor if applicable)		-
3	Netting sets for which CVA capital charge is calculated by the standardized CVA method	23	5
4	Total	23	5

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

5. Counterparty Credit Risk (Continued)

(c) Counterparty default risk exposures (other than those to CCPs) by asset classes and by risk weights – STC approach

As at 30th June 2017												
Exposure class	Risk Weight	(a)	(b)	(c)	(ca)	(d)	(e)	(f)	(g)	(ga)	(h)	(i)
		0%	10%	20%	35%	50%	75%	100%	150%	250%	Others	Total default risk exposure after CRM
1	Sovereign exposures	-	-	-	-	-	-	-	-	-	-	-
2	PSE exposures	-	-	-	-	-	-	-	-	-	-	-
2a	Of which: domestic PSEs	-	-	-	-	-	-	-	-	-	-	-
2b	Of which: foreign PSEs	-	-	-	-	-	-	-	-	-	-	-
3	Multilateral development bank exposures	-	-	-	-	-	-	-	-	-	-	-
4	Bank exposures	-	-	-	-	-	-	-	-	-	-	-
5	Securities firm exposures	-	-	-	-	23	-	-	-	-	-	23
6	Corporate exposures	-	-	-	-	-	-	-	-	-	-	-
7	CIS exposures	-	-	-	-	-	-	-	-	-	-	-
8	Regulatory retail exposures	-	-	-	-	-	-	-	-	-	-	-
9	Residential mortgage loans	-	-	-	-	-	-	-	-	-	-	-
10	Other exposures which are not past due exposures	-	-	-	-	-	-	-	-	-	-	-
11	Significant exposures to commercial entities	-	-	-	-	-	-	-	-	-	-	-
12	Total	-	-	-	-	23	-	-	-	-	-	23

(d) Composition of collateral for counterparty default risk exposures (including those or contracts or transactions cleared through CCPs)

At 30th June 2017, the Company did not have any composition of collateral for counterparty default risk exposures.

(e) Credit-related derivatives contracts

At 30th June 2017, the Company did not have any credit-related derivatives contracts.

(f) Exposures to CCPs

At 30th June 2017, the Company did not have any exposures as clearing member or client to qualifying and non-qualifying CCPs.

BANC OF AMERICA SECURITIES ASIA LIMITED

SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

6. Securitization exposures

At 30th June 2017, the Company did not have any securitization exposures.

7. Market Risk

The Company is agreement with the HKMA that it is exempted from market risk capital requirement.

8. International claims

	Banks US\$'000	Official sector US\$'000	<u>Non-bank private sector</u>		Total US\$'000
			Non-bank financial institutions US\$'000	Non- financial private sector US\$'000	
As at 30th June 2017					
Developed countries, of which					
- United States	265,948	-	-	-	265,948
- Others	18	-	-	-	18
	-----	-----	-----	-----	-----
	265,966	-	-	-	265,966
	=====	=====	=====	=====	=====

The information of international claims discloses exposures to foreign counterparties on which the ultimate risk lies, and is derived according to the location of the counterparties after taking into account any transfer of risk. In general, transfer of risk from one country to another is recognised if the claims against counterparties are guaranteed by another party in a different country or if the claims are 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.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

9. Loans and advance to customers and overdue and rescheduled assets

At 30th June 2017, the Company did not have any loans and advance to customers and overdue and rescheduled assets.

10. Reposessed assets

At 30th June 2017, the Company did not have any reposessed assets.

11. Mainland activities

The analysis of Mainland activities is based on the categories of non-bank counterparties and the type of direct exposures defined by the HKMA under the Banking (Disclosure) Rules with reference to the HKMA return of Mainland activities.

As at 30th June 2017	On- balance sheet exposure US\$'000	Off- balance sheet exposure US\$'000	Total US\$'000
1. Central government, central government-owned entities and their subsidiaries and joint ventures (JVs)	-	-	-
2. Local governments, local government-owned entities and their subsidiaries and JVs	-	-	-
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	-	-	-
4. Other entities of central government not reported in item 1 above	-	-	-
5. Other entities of local government not reported in item 2 above	-	-	-
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	-	-	-
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	-	-	-
Total	-	-	-
Total assets after provision	265,966		
On-balance sheet exposures as percentage of total assets	0%		

As at 30th June 2017, the Company did not have any Mainland activities to non-bank counterparties.

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SUPPLEMENTARY FINANCIAL INFORMATION (UNAUDITED)

12. Currency risk

The net positions in foreign currencies in US dollars equivalent are disclosed below where each currency constitutes 10% or more of the respective total net position in all foreign currencies.

	USD US\$'000	CNY US\$'000	Others US\$'000	Total US\$'000
As at 30th June 2017				
Spot assets	265,730	147	18	265,895
Spot liabilities	(265,535)	(147)	(17)	(265,699)
Forward purchases	1,536	768	-	2,304
Forward sales	(770)	(1,537)	-	(2,307)
Net long/(short) position	<u>961</u>	<u>(769)</u>	<u>1</u>	<u>193</u>

As at 30th June 2017, the Company did not have any net structural position.