



## **BASEL Pillar 3**

**Public Disclosure of Prudential Information under APS 330  
As at 31 Mar 2022**

**Bank of China (Australia) Limited**

## Contents

Credit Risk	.....	1
Securitisation Exposures	.....	4
Liquidity Disclosure	.....	5

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 3**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**Table 3: Capital Adequacy**

	<b>2022 Mar Quarter (A\$m)</b>	<b>2021 Dec Quarter (A\$m)</b>
(a) Capital requirements (in terms of risk-weighted assets) for:		
• Credit Risk	<b>1,992.65</b>	<b>1,932.3</b>
Residential mortgage	1,731.6	1,660.5
Other retail	12.3	19.2
Corporate	21.9	27.7
Bank	128.1	123.2
Government	-	-
Other risk assets	1.0	0.4
Performance-related Contingencies	16.8	17.1
Loan commitment	68.0	76.6
Market related derivatives	12.9	7.6
• Securitisation	-	-
(b) Capital requirements (in terms of risk-weighted assets) for equity exposures in the IRB approach (simple risk-weighted method).	-	-
(c) Capital requirements (in terms of risk-weighted assets) for market risk.	0.4	0.5
(d) Capital requirements (in terms of risk-weighted assets) for operational risk.	248.8	248.8
(e) Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA approved Australian-owned ADIs only).	-	-
(f) Common Equity Tier 1, Tier 1 and Total Capital ratio for the consolidated banking group.		
• Common Equity Tier 1 Ratio	22.1%	22.4%
• Tier 1 Ratio	23.5%	23.8%
• Total Capital Ratio	25.0%	25.3%

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 3**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**Table 4: Credit Risk**

	<b>2022 Mar Quarter</b>	<b>2021 Dec Quarter</b>	<b>Average Balance for the Quarter</b>
	<b>( Credit Risk Exposure in A\$m)</b>	<b>( Credit Risk Exposure in A\$m)</b>	<b>( Credit Risk Exposure in A\$m)</b>
<b>(a) Total gross credit exposures, plus average gross exposure over the period, broken down by:</b>			
<b>Total gross credit risk exposures, broken down by</b>			
Debt securities and Due from ADIs	455.2	406.6	430.9
Loans	4,949.1	4,764.5	4856.8
Loan commitments	179.4	197.7	188.5
Performance-related contingencies	16.8	17.1	16.9
Market related derivatives	17.4	9.4	13.4
All other	616.3	824.1	720.2
<b>Total gross credit risk exposures, broken down by portfolio</b>			
Claims secured by residential mortgage	5,094.2	4,915.3	5004.7
Other retail	12.3	19.2	15.8
Corporate	21.9	27.7	24.8
Banks and other ADIs	455.2	406.6	430.9
Government	523.6	398.0	460.8
RBA	78.4	413.9	246.2
All other	48.5	38.6	43.5
<b>(b) Amount of impaired facilities, provision and write-offs, by portfolio</b>			
<b>Amount of impaired facilities, by portfolio</b>			
Claims secured by residential mortgage	-	-	-
Other retail	-	-	-
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 3**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**Table 4: Credit Risk (Continued)**

	<b>2022 Mar Quarter</b>	<b>2021 Dec Quarter</b>	<b>Average Balance for the Quarter</b>
	<b>( Credit Risk Exposure in A\$m)</b>	<b>( Credit Risk Exposure in A\$m)</b>	<b>( Credit Risk Exposure in A\$m)</b>
<b>Amount of past due items, by portfolio*</b>			
Claims secured by residential mortgage	9.4	6.3	7.8
Other retail	0.0	0.0	0.0
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
<b>Amount of specific provision, by portfolio</b>			
Claims secured by residential mortgage	0.3	0.3	0.3
Other retail	-	-	-
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
<b>Charges for specific provisions and write-offs during the period</b>			
Claims secured by residential mortgage	-	-	-
Other retail	-	-	-
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
<b>(c) General reserves for credit losses</b>	<b>5.3</b>	<b>2.8</b>	<b>4.0</b>

\*Amount of past due but not impaired items

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 3**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**Table 5: Securitisation exposures**

The Bank had successfully completed a self securitisation for China Dragon Trust 2 Series 2020-1R. The transaction is a securitisation of a portfolio of Australian prime loans backed by residential mortgage originated by the Bank. The principal balance of the loans assigned to the Trust was AUD\$200 million upon initiation in September 2020. In October 2021, the Trust was topped up by AUD\$386 million. The Bank holds notes issued by this Trust. This Trust is a special purpose entity consolidated by the Bank.

Moody's Investors Service has assigned the following definitive long-term rating to notes issued by Perpetual Corporate Trust Limited in its capacity as trustee of the China Dragon Trust 2 Series 2020-1R (Trust).

The complete rating action is as follows:

- AUD 462 million of Class A Notes, rated Aaa
- AUD 40 million Class B Notes are not rated.

The self securitisation transaction is entered by the Bank for the purpose of generating extra contingency funding channel during liquidity crisis.

(a) Securitisation activity of current period (AUD million)	Exposure securitized		Recognized gain(or loss) on sale	
	2022 Q1	2021 Q4	2022 Q1	2021 Q4
Residential Mortgage	-	385.8	-	-
<b>Total exposure securitized during the period</b>	-	385.8	-	-
<b>(b)</b>		<b>2021 Q4</b>		<b>2021 Q4</b>
<b>On balance sheet securitisation exposure</b>				
Securities held in the banking book		420.4		449.5
<b>Total on balance sheet exposure</b>		<b>420.4</b>		<b>449.5</b>
Funding facilities		9.0		9.0
Credit enhancements		40.2		40.2
Derivatives - Basis swaps		-		-
<b>Total off balance sheet exposures</b>		<b>49.2</b>		<b>49.2</b>

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 4**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**Liquidity Risk**

Liquidity Coverage Ratio Disclosure

Liquidity Coverage Ratio (LCR) measures whether an ADI maintains an adequate level of unencumbered high-quality liquid assets (HQLA) to meet its liquidity needs for a 30 calendar day period stress scenario.

BOCAL reported weighted average LCR of 144% in the quarter ended 31 March 2022, decreased by 12% compared to last quarter, as the interbank lending decreased during this quarter, which led to decline in cash inflow. BOCAL manages its LCR position on a daily basis and maintains a buffer over the minimum regulatory requirement and the Board's risk tolerance. Methodologies used to determine LCR outcomes are reviewed on a regular basis.

The Bank holds a mix of High Quality Liquid Assets, consisting of cash equivalent assets, Australian government bonds and Semi-government bonds, securities eligible for repo with RBA under the Committed Liquidity Facility (CLF). The composition of the liquid asset portfolio has remained relatively stable and commensurate with its business size, characteristics and complexity of the Bank over this quarter of 2022.

The Bank follows the principle of prudence in its liquidity management strategy, and manages its funding maturity profile, deposit product diversification and customer relationships to minimize Net Cash Outflows. The cash outflows ratio associated with the Bank's retail funding base were relatively stable.

**BASEL Pillar 3**  
**Public Disclosure of Prudential Information Part 4**  
**under APS 330 – Mar 2022**  
**Bank of China (Australia) Limited**

**APS 330 Table 20 - LCR disclosure 2022Q1**

		31 Mar 2022	
		Total unweighted value (average) \$M	Total weighted value (average) \$M
<b>Liquid assets, of which:</b>			
1	High-quality liquid assets (HQLA)		804
2	Alternative liquid assets (ALA)		57
3	Reserve Bank of New Zealand (RBNZ) securities		-
<b>Cash outflows</b>			
4	Retail deposits and deposits from small business customers, of which:	3,759	540
5	Stable deposits	1,443	72
6	Less stable deposits	2,316	468
7	Unsecured wholesale funding, of which:	181	160
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-
9	Non-operational deposits (all counterparties)	63	42
10	Unsecured debt	118	118
11	Secured wholesale funding	-	-
12	Additional requirements, of which:	342	46
13	Outflows related to derivatives exposures and other collateral requirements	29	29
14	Outflows related to loss of funding on debt products	-	-
15	Credit and liquidity facilities	313	16
16	Other contractual funding obligations	25	21
17	Other contingent funding obligations	497	30
<b>18</b>	<b>Total cash outflows</b>	<b>4,804</b>	<b>797</b>
<b>Cash inflows</b>			
19	Secured lending	-	-
20	Inflows from fully performing exposures	167	163
21	Other cash inflows	38	38
<b>22</b>	<b>Total cash inflows</b>	<b>205</b>	<b>201</b>
<b>23</b>	<b>Total liquid assets</b>		<b>860</b>
<b>24</b>	<b>Total net cash outflows</b>		<b>596</b>
<b>25</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>144%</b>
<b>Number of data points used</b>			<b>90</b>



## BASEL Pillar 3

### Public Disclosure of Prudential Information Part 4 under APS 330 – Dec 2021

Bank of China (Australia) Limited

#### APS 330 Table 20 - LCR disclosure 2021Q4

		31 Dec 2021	
		Total unweighted value (average) \$M	Total weighted value (average) \$M
<b>Liquid assets, of which:</b>			
1	High-quality liquid assets (HQLA)		695
2	Alternative liquid assets (ALA)		75
3	Reserve Bank of New Zealand (RBNZ) securities		-
<b>Cash outflows</b>			
4	Retail deposits and deposits from small business customers, of which:	3,548	513
5	Stable deposits	1,360	68
6	Less stable deposits	2,188	445
7	Unsecured wholesale funding, of which:	121	112
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-
9	Non-operational deposits (all counterparties)	89	80
10	Unsecured debt	32	32
11	Secured wholesale funding	-	-
12	Additional requirements, of which:	419	71
13	Outflows related to derivatives exposures and other collateral requirements	52	52
14	Outflows related to loss of funding on debt products	-	-
15	Credit and liquidity facilities	366	19
16	Other contractual funding obligations	40	37
17	Other contingent funding obligations	774	57
<b>18</b>	<b>Total cash outflows</b>	<b>4,902</b>	<b>790</b>
<b>Cash inflows</b>			
19	Secured lending	-	-
20	Inflows from fully performing exposures	218	215
21	Other cash inflows	81	81
<b>22</b>	<b>Total cash inflows</b>	<b>299</b>	<b>296</b>
<b>23</b>	<b>Total liquid assets</b>		<b>770</b>
<b>24</b>	<b>Total net cash outflows</b>		<b>494</b>
<b>25</b>	<b>Liquidity Coverage Ratio (%)</b>		<b>156%</b>
<b>Number of data points used</b>			<b>92</b>