Bank of China (Canada)

BASEL PILLAR III DISCLOSURE

AS AT MARCH 31, 2024

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Bank of China (Canada)

Basel Pillar III Disclosures

March 31, 2024
(All figures are in thousands of Canadian dollar, unless otherwise stated)

1. Scope of Application

In this document, the Bank of China (Canada) (the “Bank”) provides its Basel Pillar III disclosures, as required by the Office of the Superintendent of Financial Institutions Canada (OSFI).

The Bank is licensed to operate in Canada as a foreign bank subsidiary with full banking powers under the Bank Act. The Bank is a wholly owned subsidiary of Bank of China Limited (the “parent bank”). The Bank is domiciled in Canada and its registered office is located at 50 Minthorn Boulevard, Markham, Ontario, L3T 7X8, Canada.

(All figures are in thousands of Canadian dollar, unless otherwise stated)

2. Key Metrics

KM1 key metrics Mar 31, 2024 with comparative four prior quarters:

		Date				
	(CAD in '000 except ratios)	31-Mar-24	31-Dec-23	30-Sep-23	30-Jun-23	31-Mar-23
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	779,081	769,651	757,586	746,096	741,581
2	Tier 1	779,081	769,651	757,586	746,096	741,581
3	Total capital	805,956	793,873	784,346	772,863	762,602
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	3,001,262	3,170,392	3,128,173	3,201,368	3,427,804
4a	Total risk-weighted assets (pre-floor)	3,001,262	3,170,392	3,128,173	3,201,368	3,427,804
	Risk-based capital ratios as a percentage of RWA					
5	CET1 ratio (%)	25.96%	24.28%	24.22%	23.30%	21.63%
5a	CET1 ratio (%) (pre-floor ratio)	25.96%	24.28%	24.22%	23.30%	21.63%
6	Tier 1 ratio (%)	25.96%	24.28%	24.22%	23.30%	21.63%
6a	Tier 1 ratio (%) (pre-floor ratio)	25.96%	24.28%	24.22%	23.30%	21.63%
7	Total capital ratio (%)	26.85%	25.04%	25.07%	24.11%	22.25%
7a	Total capital ratio (%) (pre-floor ratio)	26.85%	25.04%	25.07%	24.11%	22.25%
	Additional CET1 buffer requirements as a percentage of RWA					
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	0	0	0	0	0
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	21.46%	19.78%	19.72%	18.80%	17.13%
	Basel III Leverage ratio					
13	Total Basel III leverage ratio exposure measure	4,054,035	4,651,570	4,249,542	4,644,259	4,781,883
14	Basel III leverage ratio (row 2 / row 13)	19.22%	16.55%	17.83%	16.13%	15.54%

(All figures are in thousands of Canadian dollar, unless otherwise stated)

3. Composition of Regulatory Capital

Composition of regulatory capital - Modified CC1 Q1 2024

	Modified Capital Disclosure (CAD'000, as end of)	All-in
	Common Equity Tier 1 capital: instruments and reserves	
1	Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	455,230
2	Retained earnings	324,201
3	Accumulated other comprehensive income (and other reserves)	(350)
4	Directly issued capital subject to phase out from CET1 (only applicable to non-joint stock companies)	N/A
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	N/A
6	**Common Equity Tier 1 capital before regulatory adjustments**	779,081
	Common Equity Tier 1 capital: regulatory adjustments	
28	**Total regulatory adjustments to Common Equity Tier 1**	N/A
29	**Common Equity Tier 1 capital (CET1)**	779,081
	Additional Tier 1 capital: instruments	
30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	N/A
33	Directly issued capital instruments subject to phase out from Additional Tier 1	N/A
34	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	N/A
36	Additional Tier 1 capital before regulatory adjustments	N/A
	Additional Tier 1 capital: regulatory adjustments	
43	**Total regulatory adjustments to Additional Tier 1 capital**	N/A
44	**Additional Tier 1 capital (AT1)**	N/A
45	**Tier 1 capital (T1 = CET1 + AT1)**	779,081
	Tier 2 capital: instruments and allowances	
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 2	N/A
48	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	N/A
50	Collective allowances	N/A
51	Tier 2 capital before regulatory adjustments	-

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Tier 2 capital: regulatory adjustments		
57	**Total regulatory adjustments to Tier 2 capital**	26,875
58	**Tier 2 capital (T2)**	26,875
59	**Total capital (TC = T1 + T2)**	805,956
60	**Total risk-weighted assets**	3,001,262
60a	**Common Equity Tier 1 (CET1) Capital RWA**	N/A
60b	**Tier 1 Capital RWA**	N/A
60c	**Total Capital RWA**	N/A
Capital ratios		
61	**Common Equity Tier 1 (as percentage of risk-weighted assets)**	25.96%
62	**Tier 1 (as percentage of risk-weighted assets)**	25.96%
63	**Total capital (as percentage of risk-weighted assets)**	26.85%
OSFI all-in target		
69	Common Equity Tier 1 capital all-in target ratio	7%
70	Tier 1 capital all-in target ratio	8.50%
71	Total capital all-in target ratio	10.50%
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2013 and 1 Jan 2022)		
80	Current cap on CET1 instruments subject to phase out arrangements	N/A
81	Amounts excluded from CET1 due to cap (excess over cap after redemptions and maturities)	N/A
82	Current cap on AT1 instruments subject to phase out arrangements	N/A

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4. Leverage Ratio

Leverage Ratio - LR2 - Leverage Ratio Disclosure Q1 2024 and Q4 2023 on an "all-in" basis

	Items	Amount (CAD in '000 except ratios)	
		March 31, 2024	December 31, 2023
	On-balance sheet exposures		
1	On-balance sheet items (excluding derivatives, SFTs and grandfathered securitization exposures but including collateral)	3,670,653	4,265,698
4	(Asset amounts deducted in determining Basel III "all-in" Tier 1 capital)	-299	-331
5	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)	3,670,354	4,265,367
	Derivative exposure		
6	Replacement cost associated with all derivative transactions	-	-
7	Add-on amounts for PFE associated with all derivative transactions	2	1
8	(Exempted CCP-leg of client cleared trade exposures)	N/A	N/A
9	Adjusted effective notional amount of written credit derivatives	N/A	N/A
10	(Adjusted effective notional offsets and add-on deductions for written credit derivatives	N/A	N/A
11	Total derivative exposures (sum of lines 6 to 10)	2	1
	Securities financing transaction exposures		
12	Gross SFT assets recognised for accounting purposes (with no recognition of netting), after adjusting for sale accounting transactions.	N/A	N/A
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	N/A	N/A
14	Counterparty credit risk (CCR) exposure for SFTs	N/A	N/A
15	Agent transaction exposure	N/A	N/A
16	Total securities financing transaction exposures (sum of lines 12 to 15)	0	0
	Other off-balance sheet exposures		
17	Off-balance sheet exposure at gross notional amount	904,039	908,103
18	(Adjustments for conversion to credit equivalent amounts)	-520,359	-521,902

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19	Off-balance sheet items (sum of lines 17 and 18)	383,680	386,201
	Capital and Total Exposures		
20	Tier 1 capital	779,081	769,651
21	Total Exposures (sum of lines 3, 11, 16 and 19)	4,054,035	4,651,570
	Leverage Ratios		
22	Basel III leverage ratio	19.22%	16.55%