

# **BANK OF CHINA LIMITED, JOHANNESBURG BRANCH**



Bank of China Limited Johannesburg Branch Q3 Pillar 3 Disclosures  
(2025)

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## **1. Regulatory Framework for Disclosures**

Bank of China Limited, Johannesburg Branch (“the Branch”) is supervised by the Prudential Authority (PA) within the South African Reserve Bank, who determines the capital requirements for South African banks. The capital requirements are calculated based on the Banks Act 94 of 1990 (Banks Act), relevant regulations, directives and guidance notes issued by the PA. The Basel Committee’s framework is structured around three ‘pillars’:

- Pillar 1 – minimum capital requirements;
- Pillar 2 – supervisory review process; and
- Pillar 3 – market discipline.

The purpose of the Pillar 3 Disclosure Report is to promote market discipline by providing investors/clients with key information relating to *inter-alia* a Bank’s regulatory capital and risk exposures. A key goal of the revised Pillar 3 Disclosure requirements is to improve comparability and consistency of disclosures. Pillar 3 requires all material risks to be disclosed, resulting in a comprehensive view of the Branch’s risk profile.

## **2. Pillar 3 Disclosures**

The Branch’s Pillar 3 Disclosures for the period ending 30 September 2025 comprises all information required under Pillar 3, being both quantitative and qualitative. Pillar 3 requirements may be met by inclusion in other disclosure reports. Where the Branch chooses to adopt this approach, references are made to the relevant pages of the Annual Report and Accounts or other locations. The numbers are reported in Rand millions if there are no specific units in the report.

### **2.1 Financial Position**

As at the end of 30 September 2025 the financial position of the Branch was as follows:

- Total assets R58.89 billion
- Total liabilities R48.32 billion
- Total equity R10.57 billion

Total assets increased by 4.06% compared to 30 September 2024.

### **2.2 Financial Performance**

As at the end of September 2025 the Branch reported lower than projected budgeted operating revenue and the budgeted operating expenses for September 2025. There has been a year-on-year decrease in profits of 1% mainly driven by operating expense and impairments increase.

### 3. Risk Governance and Oversight

The Branch's Executive Committee ("EXCO") are accountable for the risks of the Bank and segregates certain responsibilities to various internal committees which are aligned to South African regulatory requirements and Head Office management framework. The Finance Department ("FD") is responsible for preparing the reports, Internal Audit Department ("IAD") will perform independent review on a quarterly and semi-annual basis and External Auditors will perform the independent review annually before the reports published on the BOC website. The Branch will also follow the website publishing rules set by Head Office to ensure the accuracy and timeliness thereof.

### 4. Overview of Risk Management and RWA

#### 4.1 Table 1: Key metrics (KM1)

The table provides an overview of the Branch's key prudential metrics.

		a	b	c	d	e
		Sep 2025 ('m)	Jun 2025 ('m)	Mar 2025 ('m)	Dec 2024 ('m)	Sep 2024 ('m)
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	9,842	9,744	9,225	9,247	9,257
2	Tier 1	9,842	9,744	9,225	9,247	9,257
3	Total capital	10,148	10,083	9,584	9,584	9,564
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	27,433	30,558	31,693	29,981	27,255
4a	Total risk-weighted assets (pre-floor)	27,433	30,558	31,693	29,981	27,255
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	35.88	31.89	29.11	30.84	33.96
5a	CET1 ratio (%) (pre-floor ratio)	35.88	31.89	29.11	30.84	33.96
6	Tier 1 ratio (%)	35.88	31.89	29.11	30.84	33.96
6a	Tier 1 ratio (%) (pre-floor ratio)	35.88	31.89	29.11	30.84	33.96
7	Total capital ratio (%)	36.99	33.00	30.24	31.97	35.09
7a	Total capital ratio (%) (pre-floor ratio)	36.99	33.00	30.24	31.97	35.09
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.5	2.5	2.5	2.5	2.5
9	Countercyclical buffer requirement (%)	0.12	0.14	0.09	0.09	0.07
10	Bank G-SIB and/or D-SIB additional requirements (%)	N/A	N/A	N/A	N/A	N/A
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.62	2.64	2.59	2.59	2.57
12	CET1 available after meeting the bank's minimum capital requirements (%)	27.88	23.87	21.15	22.88	26.02
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	64,319	64,786	62,085	60,021	59,947
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	15.30	15.04	14.86	15.41	15.44
14a	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	15.30	15.04	14.86	15.41	15.44
14b	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	15.30	15.04	14.86	15.41	15.44
14c	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	15.30	15.04	14.86	15.41	15.44
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total high-quality liquid assets (HQLA)	28,049	25,216	24,137	24,290	22,633
16	Total net cash outflow	13,061	14,246	15,013	5,589	2,824
17	LCR ratio (%)	215	177	161	435	801
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	31,599	28,243	28,923	27,132	28,796
19	Total required stable funding	21,088	20,655	22,463	22,447	22,314
20	NSFR ratio	150	137	129	121	129

The quarter-on-quarter decrease in Risk Weighted Assets (RWA) and increase in Capital Adequacy Ratio (CAR) is mainly due to the decrease in risk-weighted assets related to corporate loan and 2024 profit appropriation. The leverage ratio increase is mainly due to the unappropriated profit decrease of R352 million. The increase in Liquidity Coverage Ratio (LCR) is mainly due to the increase in the average HQLA for R2.8 billion compared to June 2025 while net cash outflows decreased by R1.2 billion. The Net Stable Funding Ratio (NSFR) increased due to available stable funding increasing by R3.4 billion while the required stable funding only increased by R433 million, the increase in available stable funding is attributed to an increase in loans to financial institutions.

#### 4.2 Table 2: Overview of RWA (OV1)

The below table provides an overview of total RWA forming the denominator of the risk-based capital requirements. The current minimum capital requirement to the RWA is 11.5% which is made up of 8% base minimum, 1% Pillar 2A add-on and 2.5% conservation buffer. The idiosyncratic ratio requirement for the Branch is not disclosed in the Pillar 3 disclosures.

		a	b	c
		RWA		Minimum capital requirements
		September 2025 ('m)	June 2025 ('m)	September 2025 ('m)
1	Credit risk (excluding counterparty credit risk)	24,539	27,533	2,822
2	Of which: standardised approach (SA)	24,539	27,533	2,822
3	Of which: foundation internal ratings-based (F-IRB) approach			
4	Of which: supervisory slotting approach			
5	Of which: advanced internal ratings-based (A-IRB) approach			
6	Counterparty credit risk (CCR)	-	44	0
7	Of which: standardised approach for counterparty credit risk	-	10	0
8	Of which: IMM			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	-	34	0
11	Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period			
12	Equity investments in funds – look-through approach			
13	Equity investments in funds – mandate-based approach			
14	Equity investments in funds – fall-back approach			
15	Settlement risk			
16	Securitisation exposures in banking book			
17	Of which: securitisation IRB approach (SEC-IRBA)			
18	Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)			
19	Of which: securitisation standardised approach (SEC-SA)			
20	Market risk	20	26	2
21	Of which: standardised approach (SA)	20	26	2
22	Of which: internal model approach (IMA)			
23	Capital charge for switch between trading book and banking book			
24	Operational risk	2,760	2,760	317
25	Amounts below the thresholds for deduction (subject to 250% risk weight)	114	205	13
26	Output floor applied			
27	Floor adjustment (before application of transitional cap)			
28	Floor adjustment (after application of transitional cap)			
29	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)	27,433	30,602	3,155

The quarter-on-quarter decrease in Risk Weighted Assets (RWA) is mainly due to the decrease in corporate loans mainly attributed to various counterparties.

## 5. Leverage Ratio

The leverage ratio calculated in accordance with the Banks Act and the Regulations relating to Banks was 15.30% as at 30 September 2025, increased from 15.04% as at 30 June 2025. The movement is mainly due to the increase tier 1 capital attributed to decrease of R352 million in unappropriated profit.

### 5.1 Table 3: Summary comparison of accounting assets vs leverage ratio exposure (LR1)

The table below reflects the reconciliation of the total assets in the financial statements to the leverage ratio exposure measure.

		('m)
1	Total consolidated assets as per published financial statements	58,888
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 securitised exposures that meet the operational requirements for the recognition of risk transference	-
4	Adjustments for temporary exemption of central bank reserves (if applicable)	-
5	Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6	Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7	Adjustments for eligible cash pooling transactions	
8	Adjustments for derivative financial instruments	-0
9	Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-
10	Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,413
11	Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-0.03
12	Other adjustments	18
13	<b>Leverage ratio exposure measure</b>	<b>64,319</b>

The above quarter-on-quarter movements is mainly due to the decrease in on-balance sheet exposures by R145 million, while Tier 1 capital increased due to decrease in unappropriated profit by R352 million. The exposures that have been disclosed are balances as at each quarter-end.

## 5.2 Table 4: Leverage ratio (LR2)

The table below provides a detailed breakdown of the components of the leverage ratio.

		a	b
		Sep 2025 (R'm)	Jun 2025 (R'm)
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	58,888	59,051
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	18	(0)
7	<b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of rows 1 to 6)	58,905	59,051
<b>Derivative exposures</b>			
8	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin, with bilateral netting and/or the specific treatment for client cleared derivatives)	-	-
9	Add-on amounts for potential future exposure associated with <i>all</i> derivatives transactions	-	106
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
13	<b>Total derivative exposures (sum of rows 8 to 12)</b>	-	106
<b>Securities financing transaction exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions		
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)		
16	Counterparty credit risk exposure for SFT assets		
17	Agent transaction exposures		
18	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>		

**Table 4: Leverage ratio (LR2) Continued**

<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	5,413	5,629
20	(Adjustments for conversion to credit equivalent amounts)	-	-
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
22	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	5,413	5,629
<b>Capital and total exposures</b>			
23	<b>Tier 1 capital</b>	9,842	9,744
24	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	64,319	64,786
<b>Leverage ratio</b>			
25	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	15.30%	15.04%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	15.30%	15.04%
26	<b>National minimum leverage ratio requirement</b>	4.00%	4.00%
27	<b>Applicable leverage buffers</b>	0.00%	0.00%
<b>Disclosure of mean values</b>			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	-	-
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	64,319	64,786
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	64,319	64,786
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	15.30%	15.04%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	15.30%	15.04%

The above quarter-on-quarter movements is mainly due to the decrease in on-balance sheet exposures by R145 million, while Tier 1 capital increased due to decrease in unappropriated profit by R352 million. The exposures that have been disclosed are balances as at each quarter-end.

## **6. Liquidity Risk**

Liquidity risk is the risk of the Branch potentially not having sufficient financial resources to meet its obligations as they become due or will have to access such resources at excessive cost. The risk arises from mismatches in the timing of cash flows. The Branch follows the Bank of China Group's (the Group) liquidity framework.

The objective of the Group's internal liquidity and funding risk management framework is to allow it to withstand very severe liquidity stresses and be adaptable to changing business models, markets and regulations.

The primary sources of funding are customer deposits and intergroup borrowings. Within the Branch, the Assets and Liabilities Committee (ALCO) is responsible for managing the Branch's liquidity and funding. The ALCO members also manage the liquidity risk and interest rate risk in the banking book. The majority of the liquidity is invested in central bank deposits, South African treasury bills and government securities.

### **6.1 Table 5: Liquidity Coverage Ratio (LIQ1)**

LCR promotes short-term resilience of the Branch's 30 calendar day liquidity risk profile by ensuring it has sufficient HQLA to meet potential outflows in a stressed environment. The simple average is used in the table where the daily LCR from 1 July to 30 September 2025 is used. This means a total of 92 data points was used to calculate the Average LCR (which is the number of calendar days during the period 1 July to 30 September 2025). Un-weighted value represents the outstanding balances maturing or callable within 30 days for cash inflows and cash outflows. Total weighted value is calculated after application of weightings of cash inflows and outflows.

		a	b
		Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>			
1	Total HQLA		28,049
<b>Cash outflows</b>			
2	<b>Retail deposits and deposits from small business customers, of which:</b>	<b>743</b>	<b>46</b>
3	Stable deposits		
4	Less stable deposits	743	46,096
5	<b>Unsecured wholesale funding, of which:</b>	<b>42,959</b>	<b>18,662</b>
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	25,018	18,662
8	Unsecured debt	-	-
9	<b>Secured wholesale funding</b>		-
10	<b>Additional requirements, of which:</b>	<b>12,215</b>	<b>1,126</b>
11	Outflows related to derivative exposures and other collateral requirements	2	2
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	12,088	998
14	<b>Other contractual funding obligations</b>	<b>125.55</b>	<b>125.55</b>
15	<b>Other contingent funding obligations</b>		
16	<b>TOTAL CASH OUTFLOWS</b>	<b>55,917.59</b>	<b>19,833.89</b>
<b>Cash inflows</b>			
17	<b>Secured lending (eg reverse repos)</b>		
18	<b>Inflows from fully performing exposures</b>	<b>6,932.76</b>	<b>6,769</b>
19	Other cash inflows	3.63	4
20	<b>TOTAL CASH INFLOWS</b>	<b>6,936.39</b>	<b>6,772</b>
<b>Total adjusted value</b>			
21	<b>Total HQLA</b>		28,049
22	<b>Total net cash outflows</b>		13,061
23	<b>Liquidity Coverage Ratio (%)</b>		215

The quarter-on-quarter increase in Liquidity Coverage Ratio (LCR) is mainly due to the increase in the average HQLA for R2.8 billion compared to June 2025 while net cash outflows decreased by R1.2 billion.

The High-Quality Liquid Assets (HQLA) mainly comprises of Investment securities while the majority of funding sources is derived from deposits and borrowing funds. There has no significant currency mismatch on the LCR during the quarter.