BASEL Pillar 3

Public Disclosure of Prudential Information under APS 330
As at 30 September 2021

Bank of China (Australia) Limited

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	Table 3: Capital Adequacy	2021 Sep Quarter (A$m)	2021 Jun Quarter (A$m)
(a)	Capital requirements (in terms of risk-weighted assets) for:		
	• Credit Risk	**1,916.01**	**1,786.3**
	Residential mortgage	1,589.2	1,463.1
	Other retail	22.2	23.9
	Corporate	38.3	40.7
	Bank	133.9	126.1
	Government	-	-
	Other risk assets	0.7	0.9
	Perfomance-related Contingencies	17.4	18.1
	Loan commitment	106.3	109.4
	Market related derivatives	8.0	4.1
	• 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	0.6
(d)	Capital requirements (in terms of risk-weighted assets) for operational risk.	216.5	216.5
(e)	Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA approved Asutralian-owned ADIs only).	-	-
(f)	Common Equity Tier 1, Tier 1 and Total Capital ratio for the consolidated banking group.		
	• Common Equity Tier 1 Ratio	22.6%	23.8%
	• Tier 1 Ratio	24.0%	25.3%
	• Total Capital Ratio	25.7%	27.0%

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Table 4: Credit Risk		**2021 Sep Quarter**	**2021 Jun Quarter**	**Average Balance for the Quarter**
		(Credit Risk Exposure in A$m)	**(Credit Risk Exposure in A$m)**	**(Credit Risk Exposure in A$m)**
(a)	**Total gross credit exposures, plus average gross exposure over the period, broken down by:**			
	Total gross credit risk exposures, broken down by			
	Debt securities and Due from ADIs	430.6	400.9	415.7
	Loans	4,575.6	4,226.1	4400.8
	Loan commitments	266.4	268.9	267.6
	Performance-related contingencies	17.4	18.1	17.7
	Market related derivatives	9.8	7.2	8.5
	All other	593.4	723.9	658.6
	Total gross credit risk exposures, broken down by portfolio			
	Claims secured by residential mortgage	4,781.4	4,430.3	4605.9
	Other retail	22.2	23.9	23.1
	Corporate	38.3	40.7	39.5
	Banks and other ADIs	430.6	400.9	415.7
	Government	389.2	287.6	338.4
	RBA	192.0	423.4	307.7
	All other	39.5	38.0	38.7
(b)	**Amount of impaired facilities, provision and write-offs, by portfolio**			
	Amount of impaired facilities, by portfolio			
	Claims secured by residential mortgage	-	-	-
	Other retail	-	-	-
	Corporate	-	-	-
	Banks and other ADIs	-	-	-
	Government	-	-	-
	All other	-	-	-

Table 4: Credit Risk (Continued)	**2021 Sep Quarter (Credit Risk Exposure in A$m)**	**2021 Jun Quarter (Credit Risk Exposure in A$m)**	**Average Balance for the Quarter (Credit Risk Exposure in A$m)**
Amount of past due items, by portfolio*			
Claims secured by residential mortgage	5.5	3.2	4.4
Other retail	0.1	0.0	0.0
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
Amount of specific provision, by portfolio			
Claims secured by residential mortgage	0.4	0.4	0.4
Other retail	-	-	-
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
Charges for specific provisions and write-offs during the period			
Claims secured by residential mortgage	-	-	
Other retail	-	-	-
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
(c) General reserves for credit losses	4.5	4.1	4.3

*Amount of past due but not impaired items

Table 5: Securitisation exposures

The Bank had successfully completed a self securitisation for China Dragon Trust 2 Series 2020-1R in September 2020. The transaction is a securitisation of a portfolio of Australian prime loans backed by residential mortgage originated by the Bank. Total amount of mortgage transferred amounted to AUD 200 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 184 million of Class A Notes, rated Aaa
— AUD 16 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	
		2021 Q3	2021 Q2	2021 Q3	2021 Q2
	Residential Mortgage	-	-	-	-
	Total exposure securitized during the period	-	-	-	-

(b)		2021 Q3	2021 Q2
	On balance sheet securitisation exposure		
	Securities held in the banking book	146.0	158.3
	Total on balance sheet exposure	**146.0**	**158.3**
	Funding facilities	9.0	9.0
	Credit enhancements	16.0	16.0
	Derivatives - Basis swaps	-	0.0
	Total off balance sheet exposures	**25.0**	**25.0**

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 30 September 2021, decreased by 15% compared to last quarter, as the inflow decreased due to the reduced short-term lending in LCR time bucket. 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 2021.

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.

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APS 330 Table 20 - LCR disclosure 2021Q3

		30 Sep 2021 Total unweighted value (average) $M	Total weighted value (average) $M
Liquid assets, of which:			
1	High-quality liquid assets (HQLA)		**752**
2	Alternative liquid assets (ALA)		**75**
3	Reserve Bank of New Zealand (RBNZ) securities		**-**
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	**3,430**	**499**
5	Stable deposits	**1,304**	**65**
6	Less stable deposits	**2,125**	**434**
7	Unsecured wholesale funding, of which:	**137**	**121**
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	**-**	**-**
9	Non-operational deposits (all counterparties)	**120**	**104**
10	Unsecured debt	**17**	**17**
11	Secured wholesale funding	**-**	**-**
12	Additional requirements, of which:	**389**	**37**
13	Outflows related to derivatives exposures and other collateral requirements	**18**	**18**
14	Outflows related to loss of funding on debt products	**-**	**-**
15	Credit and liquidity facilities	**372**	**19**
16	Other contractual funding obligations	**41**	**37**
17	Other contingent funding obligations	**763**	**56**
18	**Total cash outflows**	**4,759**	**750**
Cash inflows			
19	Secured lending	**-**	**-**
20	Inflows from fully performing exposures	**152**	**148**
21	Other cash inflows	**29**	**29**
22	**Total cash inflows**	**181**	**177**
23	**Total liquid assets**		**826**
24	**Total net cash outflows**		**573**
25	**Liquidity Coverage Ratio (%)**		**144%**
Number of data points used			**91**

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APS 330 Table 20 - LCR disclosure 2021Q2

		30 Jun 2021 Total unweighted value (average) $M	Total weighted value (average) $M
Liquid assets, of which:			
1	High-quality liquid assets (HQLA)		710
2	Alternative liquid assets (ALA)		134
3	Reserve Bank of New Zealand (RBNZ) securities		-
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	3,288	467
5	Stable deposits	1,279	64
6	Less stable deposits	2,009	403
7	Unsecured wholesale funding, of which:	171	153
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-
9	Non-operational deposits (all counterparties)	159	141
10	Unsecured debt	12	12
11	Secured wholesale funding	-	-
12	Additional requirements, of which:	366	60
13	Outflows related to derivatives exposures and other collateral requirements	43	43
14	Outflows related to loss of funding on debt products	-	-
15	Credit and liquidity facilities	323	17
16	Other contractual funding obligations	25	22
17	Other contingent funding obligations	610	47
18	**Total cash outflows**	**4,460**	**749**
Cash inflows			
19	Secured lending	-	-
20	Inflows from fully performing exposures	170	167
21	Other cash inflows	50	50
22	**Total cash inflows**	**221**	**218**
23	**Total liquid assets**		**845**
24	**Total net cash outflows**		**531**
25	**Liquidity Coverage Ratio (%)**		**159%**
Number of data points used (Calendar Days)			**91**