



BASEL Pillar 3

Public Disclosure of Prudential Information under APS 330

As at 30 Jun 2022

Bank of China (Australia) Limited

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Table 3: Capital Adequacy

	2022 Jun Quarter (A\$m)	2022 Mar Quarter (A\$m)
(a) Capital requirements (in terms of risk-weighted assets) for:		
• Credit Risk	2,091.0	1,992.6
Residential mortgage	1,806.2	1,731.6
Other retail	14.9	12.3
Corporate	19.8	21.9
Bank	134.8	128.1
Government	-	-
Other risk assets	2.0	1.0
Performance-related Contingencies	16.7	16.8
Loan commitment	75.7	68.0
Market related derivatives	20.8	12.9
• 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.	0.5	0.4
(d) Capital requirements (in terms of risk-weighted assets) for operational risk.	279.3	248.8
Capital requirements (in terms of risk-weighted assets) for interest rate risk in the banking book (IRRBB) (IRB/AMA approved Australian-owned ADIs only).	-	-
(e) Common Equity Tier 1, Tier 1 and Total Capital ratio for the consolidated banking group.		
• Common Equity Tier 1 Ratio	21.4%	22.1%
• Tier 1 Ratio	22.7%	23.5%
• Total Capital Ratio	24.1%	25.0%

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Table 4: Credit Risk

	2022 Jun Quarter	2022 Mar 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	479.5	455.2	467.4
Loans	5,166.3	4,949.1	5057.7
Loan commitments	191.9	179.4	185.7
Performance-related contingencies	16.7	16.8	16.8
Market related derivatives	30.5	17.4	23.9
All other	602.3	616.3	609.3
Total gross credit risk exposures, broken down by portfolio			
Claims secured by residential mortgage	5,323.5	5,094.2	5208.9
Other retail	14.9	12.3	13.6
Corporate	19.8	21.9	20.9
Banks and other ADIs	479.5	455.2	467.4
Government	518.3	523.6	520.9
RBA	68.8	78.4	73.6
All other	62.4	48.5	55.4
(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	-	-	-

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Table 4: Credit Risk (Continued)

	2022 Jun Quarter	2022 Mar Quarter	Average Balance for the Quarter
	(Credit Risk Exposure in A\$m)	(Credit Risk Exposure in A\$m)	(Credit Risk Exposure in A\$m)
Amount of past due items, by portfolio*			
Claims secured by residential mortgage	7.3	9.4	8.4
Other retail	0.0	0.0	0.0
Corporate	-	-	-
Banks and other ADIs	-	-	-
Government	-	-	-
All other	-	-	-
Amount of specific provision, by portfolio			
Claims secured by residential mortgage	0.3	0.3	0.3
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	4.8	5.3	5.1

*Amount of past due but not impaired items

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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 Q2	2022 Q1	2022 Q2	2022 Q1
Residential Mortgage	-	-	-	-
Total exposure securitized during the period	-	-	-	-

(b)	2022 Q2	2022 Q1
On balance sheet securitisation exposure		
Securities held in the banking book	384.3	420.4
Total on balance sheet exposure	384.3	420.4
Funding facilities	9.0	9.0
Credit enhancements	40.2	40.2
Derivatives - Basis swaps	-	-
Total off balance sheet exposures	49.2	49.2

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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 146% in the quarter ended 30 June 2022, increased by 2% compared to last quarter. In general the overall LCR fluctuated at a reasonable level. 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 – Jun 2022****Bank of China (Australia) Limited****APS 330 Table 20 - LCR disclosure 2022Q2**

		30 Jun 2022	
		Total	Total
		unweighted	weighted
		value	value
		(average)	(average)
		\$M	\$M
Liquid assets, of which:			
1	High-quality liquid assets (HQLA)		605
2	Alternative liquid assets (ALA)		44
3	Reserve Bank of New Zealand (RBNZ) securities		-
Cash outflows			
4	Retail deposits and deposits from small business customers, of which:	3,861	561
5	Stable deposits	1,458	73
6	Less stable deposits	2,403	488
7	Unsecured wholesale funding, of which:	96	80
8	Operational deposits (all counterparties) and deposits in networks for cooperative banks	-	-
9	Non-operational deposits (all counterparties)	94	79
10	Unsecured debt	2	2
11	Secured wholesale funding	-	-
12	Additional requirements, of which:	388	82
13	Outflows related to derivatives exposures and other collateral requirements	66	66
14	Outflows related to loss of funding on debt products	-	-
15	Credit and liquidity facilities	322	17
16	Other contractual funding obligations	29	25
17	Other contingent funding obligations	401	20
18	Total cash outflows	4,775	768
Cash inflows			
19	Secured lending	-	-
20	Inflows from fully performing exposures	241	237
21	Other cash inflows	88	88
22	Total cash inflows	329	324
23	Total liquid assets		649
24	Total net cash outflows		444
25	Liquidity Coverage Ratio (%)		146%
Number of data points used			91

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APS 330 Table 20 - LCR disclosure 2022Q1

		31 Mar 2022	
		Total unweighted value (average) \$M	Total weighted value (average) \$M
Liquid assets, of which:			
1	High-quality liquid assets (HQLA)		804
2	Alternative liquid assets (ALA)		57
3	Reserve Bank of New Zealand (RBNZ) securities		-
Cash outflows			
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
18	Total cash outflows	4,804	797
Cash inflows			
19	Secured lending	-	-
20	Inflows from fully performing exposures	167	163
21	Other cash inflows	38	38
22	Total cash inflows	205	201
23	Total liquid assets		860
24	Total net cash outflows		596
25	Liquidity Coverage Ratio (%)		144%
Number of data points used			90