



BANK OF CHINA LTD.-ABU DHABI

PILLAR III DISCLOSURES

FOR THE QUARTER ENDED 30JUNE 2023

Content

1. Overview of Risk Management and RWA	3
1.1 KM1: Key Metrics	3
1.2 OV1: Overview of RWA	5
2. Composition of Capital.....	5
2.1 CC1: Composition of regulatory capital	5
2.2 CC2: Reconciliation of regulatory capital to balance sheet	8
2.3 CCA: Main features of regulatory capital instruments	9
3. Macro prudential Supervisory measures	10
3.1 CCyB1 : Geographical distribution of credit exposures used in the countercyclical capital buffer	10
4. LEVERAGE RATIO	10
4.1 LR2: Leverage ratio common disclosure template	10
5. Liquidity.....	11
5.1 ELAR: Eligible Liquid Assets Ratio.....	11
5.2 ASRR: Advances to Stables Resource Ratio.....	12
6. Credit Risk	12
6.1 CR1: Credit quality of assets	12
6.2 CR2: Changes in stock of defaulted loans and debt securities	13
6.3 CR4: Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects	13
6.4 CR5: Standardised approach - exposures by asset classes and risk weights	14
7. Market Risk	14

1. Overview of Risk Management and RWA

1.1 KM1: Key Metrics

		a	b	c	d	e
		Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	397,900	391,418	395,891	391,298	388,809
1a	Fully loaded ECL accounting model	396,606	391,418	395,891	391,298	388,809
2	Tier 1	397,900	391,418	395,891	391,298	388,809
2a	Fully loaded ECL accounting model Tier 1	396,606	391,418	395,891	391,298	388,809
3	Total capital	406,574	398,518	405,095	398,342	397,671
3a	Fully loaded ECL accounting model total capital	405,280	398,518	405,095	398,342	397,671
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	735,205	609,684	778,397	603,906	749,425
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	54.12%	64.20%	50.86%	64.80%	51.88%
5a	Fully loaded ECL accounting model CET1 (%)	53.94%	64.20%	50.86%	64.80%	51.88%
6	Tier 1 ratio (%)	54.12%	64.20%	50.86%	64.80%	51.88%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	53.94%	64.20%	50.86%	64.80%	51.88%
7	Total capital ratio (%)	55.30%	65.36%	52.04%	65.96%	53.06%
7a	Fully loaded ECL accounting model total capital ratio (%)	55.12%	65.36%	52.04%	65.96%	53.06%
	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 (%)	0.00%	0.00%	0.00%	0.00%	0.00%
10	Bank D-SIB additional requirements (%)	0.00%	0.00%	0.00%	0.00%	0.00%
11	Total of bank CET1 specific buffer requirements (%)	2.50%	2.50%	2.50%	2.50%	2.50%

12	CET1 available after meeting the bank's capital requirements	44.80%	54.86%	41.54%	54.29%	44.88%
	Leverage Ratio					
13	Total leverage ratio measure	2,958,747	2,021,551	2,473,273	2,052,810	1,676,813
14	Leverage ratio (%) (row 2/row 13)	13.45%	19.36%	16.01%	19.06%	23.19%
	ELAR					
21	Total HQLA	1,241,652	531,774	543,328	417,408	281,074
22	Total liabilities	2,240,207	1,327,118	1,716,380	1,161,242	1,044,324
23	Eligible Liquid Assets Ratio (ELAR) (%)	55.42%	40.06%	31.66%	35.94%	26.91%
	ASRR					
24	Total available stable funding	1,851,984	1,452,302	1,293,795	1,305,709	1,045,171
25	Total Advances	723,590	843,272	833,961	698,882	427,534
26	Advances to Stable Resources Ratio (%)	39.07%	58.06%	64.46%	53.53%	40.91%

1.2 OV1: Overview of RWA

		a	b	c
		RWA		Minimum capital requirements
		Q2 2023	Q1 2023	Q2 2023
1	Credit risk (excluding counterparty credit risk)	693,891	567,966	72,859
2	Of which: standardized approach (SA)	693,891	567,966	72,859
6	Counterparty credit risk (CCR)	0	0	0
10	Credit valuation adjustment (CVA)	0	0	0
20	Market risk	1,514	1,918	159
21	Of which: standardized approach (SA)	1,514	1,918	159
23	Operational risk	39,800	39,800	4,179
26	Total (1+6+10+11+12+13+14+15+16+20+23)	735,205	609,684	77,197

2. Composition of Capital

2.1 CC1: Composition of regulatory capital

		a	b
		Amounts	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1	Directly issued qualifying common share (and equivalent for non-joint stock companies) capital plus related stock surplus	367,200	Same as (h) from CC2 template
2	Retained earnings	15,175	
3	Accumulated other comprehensive income (and other reserves)	19,175	
4	Directly issued capital subject to phase-out from CET1 (only applicable to non-joint stock companies)	0	
5	Common share capital issued by third parties (amount allowed in group CET1)	0	
6	Common Equity Tier 1 capital before regulatory deductions	401,550	
Common Equity Tier 1 capital regulatory adjustments			
7	Prudent valuation adjustments	0	
8	Goodwill (net of related tax liability)	0	CC2 (a) minus (d)
9	Other intangibles including mortgage servicing rights (net of related tax liability)	21	CC2 (b) minus (e)
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences (net of related tax liability)	3,629	
11	Cash flow hedge reserve	0	

12	Securitisation gain on sale	0	
13	Gains and losses due to changes in own credit risk on fair valued liabilities	0	
14	Defined benefit pension fund net assets	0	
15	Investments in own shares (if not already subtracted from paid-in capital on reported balance sheet)	0	
16	Reciprocal cross-holdings in CET1, AT1, Tier 2	0	
17	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	0	
18	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation (amount above 10% threshold)	0	
19	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	0	
20	Amount exceeding 15% threshold	0	
21	Of which: significant investments in the common stock of financials	0	
22	Of which: deferred tax assets arising from temporary differences	0	
23	CBUAE specific regulatory adjustments	0	
24	Total regulatory adjustments to Common Equity Tier 1	3,650	
25	Common Equity Tier 1 capital (CET1)	397,900	
Additional Tier 1 capital: instruments			
26	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	0	CC2 (i)
27	Of which: classified as equity under applicable accounting standards	0	
28	Of which: classified as liabilities under applicable accounting standards	0	
29	Directly issued capital instruments subject to phase-out from additional Tier 1	0	
30	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in AT1)	0	
31	Of which: instruments issued by subsidiaries subject to phase-out	0	
32	Additional Tier 1 capital before regulatory adjustments	0	
Additional Tier 1 capital: regulatory adjustments			
33	Investments in own additional Tier 1 instruments	0	
34	Investments in capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0	
35	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation	0	
36	CBUAE specific regulatory adjustments	0	
37	Total regulatory adjustments to additional Tier 1 capital	0	
38	Additional Tier 1 capital (AT1)	0	
39	Tier 1 capital (T1= CET1 + AT1)	397,900	
Tier 2 capital: instruments and provisions			
40	Directly issued qualifying Tier 2 instruments plus related stock surplus	0	
41	Directly issued capital instruments subject to phase-out from Tier 2	0	
42	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 30) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	0	
43	Of which: instruments issued by subsidiaries subject to phase-out	0	
44	Provisions	8,674	

45	Tier 2 capital before regulatory adjustments	8,674	
	Tier 2 capital: regulatory adjustments		
46	Investments in own Tier 2 instruments	0	
47	Investments in capital, financial and insurance entities that are outside the scope of regulatory consolidation, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	0	
48	Significant investments in the capital, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	0	
49	CBUAE specific regulatory adjustments	0	
50	Total regulatory adjustments to Tier 2 capital	0	
51	Tier 2 capital (T2)	8,674	
52	Total regulatory capital (TC = T1 + T2)	406,574	
53	Total risk-weighted assets	735,205	
	Capital ratios and buffers		
54	Common Equity Tier 1 (as a percentage of risk-weighted assets)	54.12%	
55	Tier 1 (as a percentage of risk-weighted assets)	54.12%	
56	Total capital (as a percentage of risk-weighted assets)	55.30%	
57	Institution specific buffer requirement (capital conservation buffer plus countercyclical buffer requirements plus higher loss absorbency requirement, expressed as a percentage of risk-weighted assets)	2.50%	
58	Of which: capital conservation buffer requirement	2.50%	
59	Of which: bank-specific countercyclical buffer requirement	0.00%	
60	Of which: higher loss absorbency requirement (e.g. DSIB)	0.00%	
61	Common Equity Tier 1 (as a percentage of risk-weighted assets) available after meeting the bank's minimum capital requirement.	44.80%	
	The CBUAE Minimum Capital Requirement		
62	Common Equity Tier 1 minimum ratio	7.00%	
63	Tier 1 minimum ratio	8.50%	
64	Total capital minimum ratio	10.50%	
	Amounts below the thresholds for deduction (before risk weighting)		
65	Non-significant investments in the capital and other TLAC liabilities of other financial entities	0	
66	Significant investments in common stock of financial entities	0	
67	Mortgage servicing rights (net of related tax liability)	0	
68	Deferred tax assets arising from temporary differences (net of related tax liability)	0	
	Applicable caps on the inclusion of provisions in Tier 2		
69	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	17,709	
70	Cap on inclusion of provisions in Tier 2 under standardized approach	8,674	
71	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	0	
72	Cap for inclusion of provisions in Tier 2 under internal ratings-based approach	0	
	Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2018 and 1 Jan 2022)		
73	Current cap on CET1 instruments subject to phase-out arrangements	0	
74	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	0	

75	Current cap on AT1 instruments subject to phase-out arrangements	0	
76	Amount excluded from AT1 due to cap (excess after redemptions and maturities)	0	
77	Current cap on T2 instruments subject to phase-out arrangements	0	
78	Amount excluded from T2 due to cap (excess after redemptions and maturities)	0	

2.2 CC2: Reconciliation of regulatory capital to balance sheet

	a	b
	Balance sheet as in published financial statements	Under regulatory scope of consolidation
	30 June 2023	30 June 2023
Assets		
Cash and balances with the UAE Central Bank	886,553	886,553
Due from banks	666,955	666,955
Due from related parties	39,534	39,534
Financial assets measured at amortized cost	355,099	355,099
Loans and advances	723,590	723,590
Other Assets	7,456	7,456
Property, plant and equipment	295	295
Intangible assets	21	21
Current and deferred tax assets	3,629	3,629
Total assets	2,683,132	2,683,132
Liabilities		
Customer deposits	1,656,325	1,656,325
Due to related parties	559,729	559,729
Due to banks and other financial institutions	990	990
Other liabilities	23,163	23,163
Provisions	4763	4763
Total liabilities	2,244,970	2,244,970
Shareholders' equity		
Paid-in share capital	367,200	367,200
Of which: amount eligible for CET1	367,200	367,200
Of which: amount eligible for AT1	0	0
Retained earnings	53,081	53,081
Accumulated other comprehensive income	17,881	17,881
Total shareholders' equity	438,162	438,162

2.3 CCA: Main features of regulatory capital instruments

		a
		Quantitative / qualitative information
1	Issuer	N/A
2	Unique identifier (eg CUSIP, ISIN or Bloomberg identifier for private placement)	N/A
3	Governing law(s) of the instrument	N/A
	Regulatory treatment	N/A
4	Transitional arrangement rules (i.e. grandfathering)	N/A
5	Post-transitional arrangement rules (i.e. grandfathering)	N/A
6	Eligible at solo/group/group and solo	N/A
7	Instrument type (types to be specified by each jurisdiction)	N/A
8	Amount recognised in regulatory capital (currency in millions, as of most recent reporting date)	N/A
9	Nominal amount of instrument	N/A
9a	Issue price	N/A
9b	Redemption price	N/A
10	Accounting classification	N/A
11	Original date of issuance	N/A
12	Perpetual or dated	N/A
13	Original maturity date	N/A
14	Issuer call subject to prior supervisory approval	N/A
15	Optional call date, contingent call dates and redemption amount	N/A
16	Subsequent call dates, if applicable	N/A
	Coupons / dividends	N/A
17	Fixed or floating dividend/coupon	N/A
18	Coupon rate and any related index	N/A
19	Existence of a dividend stopper	N/A
20a	Fully discretionary, partially discretionary or mandatory (in terms of timing)	N/A
20b	Fully discretionary, partially discretionary or mandatory (in terms of amount)	N/A
21	Existence of step-up or other incentive to redeem	N/A
22	Non-cumulative or cumulative	N/A
23	Convertible or non-convertible	N/A
24	Writedown feature	N/A
25	If writedown, writedown trigger(s)	N/A
26	If writedown, full or partial	N/A
27	If writedown, permanent or temporary	N/A
28	If temporary write-own, description of writeup mechanism	N/A
28a	Type of subordination	N/A

29	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument in the insolvency creditor hierarchy of the legal entity concerned).	N/A
30	Non-compliant transitioned features	N/A
31	If yes, specify non-compliant features	N/A

3. Macro prudential Supervisory measures

3.1 CCyB1 : Geographical distribution of credit exposures used in the countercyclical capital buffer

Geographical breakdown	a	b	c	d	e
	Countercyclical capital buffer rate	Exposure values and/or risk-weighted assets used in the computation of the countercyclical capital buffer		Bank-specific countercyclical capital buffer rate	Countercyclical buffer amount
		Exposure values	Risk-weighted assets		
N/A					
Sum					
Total					

4. LEVERAGE RATIO

4.1 LR2: Leverage ratio common disclosure template

		a	b
		2023 Q2	2023 Q1
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	2,683,132	1,758,352
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	0	0
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	0	0
4	(Adjustment for securities received under securities financing transactions that are recognized as an asset)	0	0
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	0	0
6	(Asset amounts deducted in determining Tier 1 capital)	-3,650	-3,652
7	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)	2,679,482	1,754,700
Derivative exposures			
8	Replacement cost associated with all derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	0	0

9	Add-on amounts for PFE associated with all derivatives transactions	0	0
10	(Exempted CCP leg of client-cleared trade exposures)	0	0
11	Adjusted effective notional amount of written credit derivatives	0	0
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	0	0
13	Total derivative exposures (sum of rows 8 to 12)	0	0
Securities financing transactions			
14	Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	0	0
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	0	0
16	CCR exposure for SFT assets	0	0
17	Agent transaction exposures	0	0
18	Total securities financing transaction exposures (sum of rows 14 to 17)	0	0
Other off-balance sheet exposures			
19	Off-balance sheet exposure at gross notional amount	558,530	533,701
20	(Adjustments for conversion to credit equivalent amounts)	-279,265	-266,851
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	0	0
22	Off-balance sheet items (sum of rows 19 to 21)	279,265	266,850
Capital and total exposures			
23	Tier 1 capital	397,900	391,418
24	Total exposures (sum of rows 7, 13, 18 and 22)	2,958,747	2,021,551
Leverage ratio			
25	Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)	13.45%	19.36%
25a	Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)	13.45%	19.36%
26	CBUAE minimum leverage ratio requirement	3.00%	3.00%
27	Applicable leverage buffers	0.00%	0.00%

5. Liquidity

5.1 ELAR: Eligible Liquid Assets Ratio

1	High Quality Liquid Assets	Nominal amount	Eligible Liquid Asset
1.1	Physical cash in hand at the bank + balances with the CBUAE	886,553	
1.2	UAE Federal Government Bonds and Sukuks	355,099	
	Sub Total (1.1 to 1.2)	1,241,652	1,241,652
1.3	UAE local governments publicly traded debt securities	0	
1.4	UAE Public sector publicly traded debt securities	0	
	Sub total (1.3 to 1.4)	0	0
1.5	Foreign Sovereign debt instruments or instruments issued by their respective central banks	0	0

1.6	Total	1,241,652	1,241,652
2	Total liabilities		2,240,207
3	Eligible Liquid Assets Ratio (ELAR)		55.43%

5.2 ASRR: Advances to Stables Resource Ratio

	Computation of Advances	Q2 2023
1.1	Net Lending (gross loans - specific and collective provisions + interest in suspense)	723,590
1.2	Lending to non-banking financial institutions	0
1.3	Net Financial Guarantees & Stand-by LC (issued - received)	0
1.4	Interbank Placements	0
1.5	Total Advances	723,590
	Calculation of Net Stable Resources	
2.1	Total capital + general provisions	442,924
	Deduct:	
2.1.1	Goodwill and other intangible assets	21
2.1.2	Fixed Assets	295
2.1.3	Funds allocated to branches abroad	0
2.1.5	Unquoted Investments	0
2.1.6	Investment in subsidiaries, associates and affiliates	0
2.1.7	Total deduction	316
2.2	Net Free Capital Funds	442,608
2.3	Other stable resources:	
2.3.1	Funds from the head office	0
2.3.2	Interbank deposits with remaining life of more than 6 months	0
2.3.3	Refinancing of Housing Loans	0
2.3.4	Borrowing from non-Banking Financial Institutions	0
2.3.5	Customer Deposits	1,409,376
2.3.6	Capital market funding/ term borrowings maturing after 6 months from reporting date	0
2.3.7	Total other stable resources	1,409,376
2.4	Total Stable Resources (2.2+2.3.7)	1,851,984
	Advances TO STABLE RESOURCES RATIO (1.6/ 2.4*100)	39.07

6. Credit Risk

6.1 CR1: Credit quality of assets

a	b	c	d	e	f
Gross carrying values of		Allowance s/Impairm ents	Of which ECL accounting provisions for credit losses on SA exposures		Net values (a+b-c)
Defaulted exposures	Non-default ed exposures		Allocated in regulatory category of	Allocated in regulatory category of	

					Specific	General	
1	Loans	0	723,590	3,983	0	3,983	719,607
2	Debt securities	0	365,000	7	0	7	364,993
3	Off-balance sheet exposures	0	558,533	666	0	666	557,867
4	Total	0	1,647,123	4,656	0	4,656	1,642,467

6.2 CR2: Changes in stock of defaulted loans and debt securities

		a
1	Defaulted loans and debt securities at the end of the previous reporting period	0
2	Loans and debt securities that have defaulted since the last reporting period	0
3	Returned to non-default status	0
4	Amounts written off	0
5	Other changes	0
6	Defaulted loans and debt securities at the end of the reporting period (1+2-3-4±5)	0

6.3 CR4: Standardised approach - credit risk exposure and Credit Risk Mitigation (CRM) effects

		a	b	c	d	e	f
		Exposures before CCF and CRM		Exposures post-CCF and CRM		RWA and RWA density	
	Asset classes	On-balance sheet amount	Off-balance sheet amount	On-balance sheet amount	Off-balance sheet amount	RWA	RWA density
1	Sovereigns and their central banks	1,708,234	0	1,378,385	0	17360	2.50%
2	Public Sector Entities	69,787	65,589	13,957	32,795	46,752	6.74%
3	Multilateral development banks	0	0	0	0	0	0%
4	Banks	710,701	287,714	710,701	143,857	360,892	52.01%
5	Securities firms	0	0	0	0	0	0%
6	Corporates	188,345	205,230	188,345	97,434	262,821	37.88%
7	Regulatory retail portfolios	0	0	0	0	0	0%
8	Secured by residential property	0	0	0	0	0	0%
9	Secured by commercial real estate	0	0	0	0	0	0%
10	Equity Investment in Funds (EIF)	0	0	0	0	0	0%
11	Past-due loans	0	0	0	0	0	0%

12	Higher-risk categories	0	0	0	0	0	0%
13	Other assets	6,066	0	6,066	0	6,066	0.87%
14	Total	2,683,133	558,533	2,280,094	274,086	693,891	100%

6.4 CR5: Standardised approach - exposures by asset classes and risk weights

		a	b	d	f	i
	Risk weight	0%	20%	50%	100%	Total credit exposures amount (post-CCF and CRM)
	Asset classes					
1	Sovereigns and their central banks	0	0	0	17,360	17,360
2	Public Sector Entities	0	0	0	46,752	46,752
3	Multilateral development banks	0	0	0	0	0
4	Banks	0	78,540	179,508	102,844	360,892
5	Securities firms	0	0	0	0	0
6	Corporates	0	0	22,956	239,865	262,821
7	Regulatory retail portfolios	0	0	0	0	0
8	Secured by residential property	0	0	0	0	0
9	Secured by commercial real estate	0	0	0	0	0
10	Equity Investment in Funds (EIF)	0	0	0	0	0
11	Past-due loans	0	0	0	0	0
12	Higher-risk categories	0	0	0	0	0
13	Other assets	0	0	0	6,066	6,066
14	Total	0	78,540	202,464	412,887	693,891

7. Market Risk

		a
		RWA
1	General Interest rate risk (General and Specific)	0
2	Equity risk (General and Specific)	0
3	Foreign exchange risk	1,514
4	Commodity risk	0
	Options	0
5	Simplified approach	0
6	Delta-plus method	0

7	Scenario approach	0
8	Securitisation	0
9	Total	1,514