

HSBC Bank plc - Johannesburg Branch

Pillar 3 Quarterly disclosure

30 September 2022



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Key Prudential metrics and overview of RWA

Table 1: Key metrics (KM1)

	30-Sep 2022 R'm	30-Jun 2022 R'm	31-Mar 2022 R'm	31-Dec 2021 R'm	30-Sep 2021 R'm
Available capital (amounts)					
1 Common Equity Tier 1 (CET1)	4,703	4,709	4,712	4,715	4,732
1a Fully loaded ECL accounting model	4,703	4,709	4,712	4,715	4,732
2 Tier 1	4,703	4,709	4,712	4,715	4,732
2a Fully loaded accounting model Tier 1	4,703	4,709	4,712	4,715	4,732
3 Total capital	4,788	4,758	4,762	4,760	4,774
3a Fully loaded ECL accounting model total capital	4,788	4,758	4,762	4,760	4,774
Risk-weighted assets (amounts)					
4 Total risk-weighted assets (RWA)	29,567	24,728	24,902	27,261	21,599
Risk-based capital ratios as a percentage of RWA					
5 Common Equity Tier 1 ratio (%)	15.91%	19.04%	18.92%	17.30%	21.91%
5a Fully loaded ECL accounting model CET1 (%)	15.91%	19.04%	18.92%	17.30%	21.91%
6 Tier 1 ratio (%)	15.91%	19.04%	18.92%	17.30%	21.91%
6a Fully loaded ECL accounting model Tier 1 ratio (%)	15.91%	19.04%	18.92%	17.30%	21.91%
7 Total capital ratio (%)	16.19%	19.24%	19.12%	17.46%	22.11%
7a Fully loaded ECL accounting model total capital ratio (%)	16.19%	19.24%	19.12%	17.46%	22.11%
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 (%) (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 (%)	8.03%	11.17%	11.05%	9.92%	14.53%
Basel III Leverage Ratio					
13 Total Basel III leverage ratio measure	79,995	76,587	71,379	75,642	72,353
14 Basel III leverage ratio (%) (row 2/row 13)	5.88%	6.15%	6.60%	6.23%	6.54%
14a Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	5.88%	6.15%	6.60%	7.39%	6.54%
Liquidity Coverage Ratio					
15 Total HQLA	52,063	53,915	44,014	47,289	42,215
16 Total net cash outflow	38,452	43,769	31,288	37,385	27,807
17 LCR ratio (%)	135%	123%	141%	126%	152%
Net Stable Funding Ratio					
18 Total available stable funding	27,713	25,022	24,508	27,119	25,958
19 Total required stable funding	17,946	15,584	16,009	16,420	12,874
20 NSFR ratio (%)	154%	161%	153%	165%	202%

Table 2: Overview of risk management (OV1)

	RWA		Minimum capital requirements ¹
	30-Sep 2022 R'm	30-Jun 2022 R'm	30-Sep 2022 R'm
1 Credit risk (excluding counterparty credit risk)	24,514	19,940	2,819
2 Of which: standardised approach (SA)	24,514	19,940	2,819
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)	1,211	1,058	139
7 Of which: standardised approach for counterparty credit risk	1,211	1,058	139
8 Of which: Internal Model Method (IMM)	-	-	-
9 Of which: other CCR	-	-	-
10 Credit valuation adjustment (CVA)	163	181	19
11 Equity positions under the simple risk weight approach	-	-	-
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 the banking book	-	-	-
17 Of which: securitisation internal ratings-based approach (SEC-IRBA)	-	-	-
18 Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach	-	-	-
19 Of which: securitisation standardised approach (SEC-SA)	-	-	-
20 Market risk	169	145	13
21 Of which: standardised approach (SA)	169	145	13
22 Of which: internal model approaches (IMA)	-	-	-
23 Capital charge for switch between trading book and banking book	-	-	-
24 Operational risk	3,075	3,075	354
25 Amounts below thresholds for deduction (subject to 250% risk weight)	436	328	50
26 Floor adjustment	-	-	-
27 Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)	29,567	24,728	3,394

¹ This includes the Basel base minimum of 8%, plus Pillar 2A capital requirement, plus any applicable Basel buffers.

Leverage ratio

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

	30-Sep 2022 R'm
1 Total consolidated assets as per the BA 900	73,685
2 Adjustments 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 fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
4 Adjustments for derivative financial instruments	515
5 Adjustment for securities financing transactions (ie repos and similar secured lending)	-
6 Adjustments for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	5,753
7 Other adjustments	41
8 Leverage ratio exposure measure	79,995

Table 4: Leverage ratio (LR2)

	30-Sep 2022 R'm	30-Jun 2022 R'm
On-balance sheet exposures		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	30,276	36,095
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)	30,276	36,095
Derivative exposures		
4 Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	1,085	787
5 Add-on amounts for PFE associated with <i>all</i> derivatives transactions	515	506
6 Gross-up for derivatives collateral provide where deducted from the balance sheet assets pursuant to the operative accounting framework	-	-
7 (Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
8 (Exempted CCP leg of client-cleared trade exposures)	-	-
9 Adjusted effective notional amount of written credit derivatives	-	-
10 (Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
11 Total derivative exposures (sum of rows 4 to 10)	1,599	1,293
Securities financing transactions		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	42,366	33,519
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14 CCR exposure for SFT assets	-	-
15 Agent transaction exposures	-	-
16 Total securities financing transaction exposures (sum of rows 12 to 15)	42,366	33,519
Other off-balance sheet exposures		
17 Off-balance sheet exposure at gross notional amount	21,675	22,377
18 (Adjustments for conversion to credit equivalent amounts)	(15,922)	(16,697)
19 Off-balance sheet items (sum of rows 17 and 18)	5,753	5,680
Capital and total exposures		
20 Tier 1 capital	4,703	4,709
21 Total exposures (sum of rows 3, 11, 16 and 19)	79,995	76,587
Leverage ratio		
22 Basel III leverage ratio	5.88%	6.15%

Liquidity Risk

Table 5: Liquidity coverage ratio (LIQ1)

	Total unweighted value (average) R'm	Total weighted value (average) R'm
High-quality liquid assets		
1 Total HQLA		47,341
Cash outflows		
2 Retail deposits and deposits from small business customers, of which:		
3 Stable deposits	-	-
4 Less stable deposits	-	-
5 Unsecured wholesale funding, of which:		
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	4,319	1,080
7 Non-operational deposits (all counterparties)	54,610	44,982
8 Unsecured debt	-	-
9 Secured wholesale funding		-
10 Additional requirements, of which:		
11 Outflows related to derivative exposures and other collateral requirements	12,845	12,845
12 Outflows related to loss of funding of debt products	-	-
13 Credit and liquidity facilities	-	-
14 Other contractual funding obligations	4,282	206
15 Other contingent funding obligations	17,028	936
16 TOTAL CASH OUTFLOWS		60,049
Cash inflows		
17 Secured lending (eg reverse repo)	198	-
18 Inflows from fully performing exposures	16,744	12,756
19 Other cash inflows	12,867	12,867
20 TOTAL CASH INFLOWS	29,809	25,622
		Total adjusted value
21 Total HQLA		52,063
22 Total net cash outflows		38,452
23 Liquidity coverage ratio (%)		135%

Table 6: Net stable ratio funding (NSFR)

		Unweighted value by residual maturity				Weighted value
		6 months to <1				
		No maturity*	<6 months	year	≥1 year	
		R'm	R'm	R'm	R'm	R'm
Available stable funding (ASF) item						
1	Capital:				4,788	4,788
2	Regulatory capital	-	-	-	4,788	4,788
3	Other capital instruments	-	-	-	-	-
4	Retail deposits and deposits from small business customers:					
5	Stable deposits	-	-	-	-	-
6	Less stable deposits	-	-	-	-	-
7	Wholesale funding:					
8	Operational deposits	-	5,142	-	-	2,571
9	Other wholesale funding	-	59,610	34	-	20,354
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities				937	
13	All other liabilities and equity not included in the above categories	-	2,933	-	-	-
14	Total ASF					27,713
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes		-	-	-	-
17	Performing loans and securities:		45,619			5,267
18	Performing loans to financial institutions secured by Level 1 HQLA	-	42,366	-	-	4,237
19	Performing loans to <u>financial institutions</u> secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	3,253	-	542	1,030
20	Performing loans to <u>non-financial corporate</u> clients, loans to retail and small business customers, and loans to sovereigns, central banks and <u>PSEs</u> , of which:	-	10,053	234	-	5,143
21	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
22	Performing residential mortgages, of which:	-	-	-	-	-
23	With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk	-	-	-	-	-
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities	-	8,900	(99)	-	440
25	Assets with matching interdependent liabilities					
26	Other liabilities:					
27	Physical traded commodities, including gold	-				-
28	Assets posted as initial margin for derivative contracts and contributions to default funds of CCPs				-	-
29	NSFR derivative assets				-	1,085
30	NSFR derivative liabilities before deduction of variation margin posted				937	-
31	All other assets not included in the above categories	-			4,789	4,789
32	Off-balance sheet items		21,769			1,177
33	Total RSF					17,946
34	Net Stable Funding Ratio (%)					154%