HSBC Bank plc - Johannesburg Branch

Pillar 3 Quarterly disclosure

30 September 2023

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Table of Contents

Key Prudential metrics and overview of RWA 2
- Table 1: Key metrics (KM1) 2
- Table 2: Overview of risk management (OV1) 3

Leverage ratio 4
- Table 3: Summary comparison of accounting assets vs leverage ratio exposure (LR1) 4
- Table 4: Leverage ratio (LR2) 5

Liquidity Risk 6
- Table 5: Liquidity coverage ratio (LIQ1) 6
- Table 6: Net stable ratio funding (NSFR) 7

Key Prudential metrics and overview of RWA

Table 1: Key metrics (KM1)

		30-Sep 2023 R'm	30-Jun 2023 R'm	31-Mar 2022 R'm	31-Dec 2022 R'm	30-Sep 2022 R'm
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	4,684	4,661	4,678	4,697	4,703
1a	Fully loaded ECL accounting model	4,684	4,661	4,678	4,697	4,703
2	Tier 1	4,684	4,661	4,678	4,697	4,703
2a	Fully loaded accounting model Tier 1	4,684	4,661	4,678	4,697	4,703
3	Total capital	4,768	4,737	4,772	4,763	4,788
3a	Fully loaded ECL accounting model total capital	4,768	4,737	4,772	4,763	4,788
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	29,319	27,619	28,975	27,197	29,567
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	15.98%	16.87%	16.15%	17.27%	15.91%
5a	Fully loaded ECL accounting model CET1 (%)	15.98%	16.87%	16.15%	17.27%	15.91%
6	Tier 1 ratio (%)	15.98%	16.87%	16.15%	17.27%	15.91%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.98%	16.87%	16.15%	17.27%	15.91%
7	Total capital ratio (%)	16.26%	17.15%	16.47%	17.51%	16.19%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.26%	17.15%	16.47%	17.51%	16.19%
	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 (%)	0.03%	0.03%	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)	2.53%	2.53%	2.50%	2.50%	2.50%
12	CET1 available after meeting the bank's minimum capital requirements (%)	8.07%	8.97%	8.27%	9.39%	8.03%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	84,611	86,427	77,517	82,987	79,995
14	Basel III leverage ratio (%) (row 2/row 13)	5.54%	5.39%	6.03%	5.66%	5.88%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	5.54%	5.39%	6.03%	5.66%	5.88%
	Liquidity Coverage Ratio					
15	Total HQLA	51,629	49,995	45,159	52,517	52,063
16	Total net cash outflow	37,714	41,849	34,422	41,484	38,452
17	LCR ratio (%)	**137%**	**119%**	**131%**	**127%**	**135%**
	Net Stable Funding Ratio					
18	Total available stable funding	26,665	28,281	27,488	27,684	27,713
19	Total required stable funding	18,314	19,229	18,949	18,864	17,946
20	NSFR ratio (%)	**146%**	**147%**	**145%**	**147%**	**154%**

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Table 2: Overview of risk management (OV1)

		RWA		Minimum capital requirements[1]
		30-Sep 2023 R'm	30-Jun 2022 R'm	30-Sep 2023 R'm
1	**Credit risk (excluding counterparty credit risk)**	**24,621**	**23,069**	**2,831**
2	Of which: standardised approach (SA)	24,621	23,069	2,831
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)**	**1,046**	**1,135**	**120**
7	Of which: standardised approach for counterparty credit risk	1,046	1,135	120
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	**Credit valuation adjustment (CVA)**	**153**	**135**	18
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**	**145**	**65**	**12**
21	Of which: standardised approach (SA)	145	65	12
22	Of which: internal model approaches (IMA)	-	-	-
23	**Capital charge for switch between trading book and banking book**	-	-	-
24	**Operational risk**	**2,819**	**2,819**	**324**
25	**Amounts below thresholds for deduction (subject to 250% risk weight)**	**535**	**396**	**62**
26	**Floor adjustment**	-	-	-
27	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)**	**29,319**	**27,619**	**3,367**

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

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Leverage ratio

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

		30-Sep 2023 R'm
1	Total consolidated assets as per the BA 900	76,528
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	409
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)	7,722
7	Other adjustments	(48)
8	**Leverage ratio exposure measure**	**84,611**

Table 4: Leverage ratio (LR2)

		30-Sep 2023 R'm	30-Jun 2023 R'm
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	47,921	42,677
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)**	47,921	42,677
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	397	507
5	Add-on amounts for PFE associated with *all* derivatives transactions	409	329
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)**	807	836
Securities financing transactions			
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	28,162	34,624
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)**	28,162	34,624
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	30,862	31,771
18	(Adjustments for conversion to credit equivalent amounts)	(23,140)	(23,481)
19	**Off-balance sheet items (sum of rows 17 and 18)**	7,722	8,290
Capital and total exposures			
20	**Tier 1 capital**	4,684	4,661
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	84,611	86,427
Leverage ratio			
22	**Basel III leverage ratio**	**5.54%**	**5.39%**

Liquidity Risk

Table 5: Liquidity coverage ratio (LIQ1)

		Total unweighted value (average)	Total weighted value (average)
		R'm	R'm
High-quality liquid assets			
1	Total HQLA		49,683
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	4,722	1,180
7	Non-operational deposits (all counterparties)	58,885	48,068
8	Unsecured debt	-	-
9	**Secured wholesale funding**	19	-
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	12,801	12,801
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	-	-
14	**Other contractual funding obligations**	5,729	282
15	**Other contingent funding obligations**	23,510	1,357
16	**TOTAL CASH OUTFLOWS**		**63,688**
Cash inflows			
17	**Secured lending (eg reverse repo)**	69	-
18	**Inflows from fully performing exposures**	17,874	13,588
19	**Other cash inflows**	12,834	12,834
20	**TOTAL CASH INFLOWS**	**30,778**	**26,422**
			Total adjusted value
21	**Total HQLA**		51,629
22	**Total net cash outflows**		37,714
23	**Liquidity coverage ratio (%)**		**137%**

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Table 6: Net stable ratio funding (NSFR)

		Unweighted value by residual maturity				
		No maturity*	<6 months	6 months to <1 year	≥1 year	Weighted value
		R'm	R'm	R'm	R'm	R'm
Available stable funding (ASF) item						
1	Capital:				4,817	4,817
2	*Regulatory capital*	-	-	-	4,817	4,817
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*	-	4,902	-	-	2,451
9	*Other wholesale funding*	-	58,634	197	-	19,397
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*NSFR derivative liabilities*				296	
13	*All other liabilities and equity not included in the above categories*	-	6,649	-	-	-
14	**Total ASF**					26,665
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					-
16	Deposits held at other financial institutions for operational purposes		2,432	-	-	57
17	Performing loans and securities:		34,754			5,170
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	28,162	-	-	2,816
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	6,592	577	1,076	2,354
20	*Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:*	-	9,466	464	-	4,965
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*	-	16,489	5,837	-	1,116
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*				-	397
30	*NSFR derivative liabilities before deduction of variation margin posted*				296	-
31	*All other assets not included in the above categories*	-			5,035	5,035
32	Off-balance sheet items		30,892			1,573
33	***Total RSF***					**18,314**
34	***Net Stable Funding Ratio (%)***					**146%**

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