

# HSBC Bank plc - Johannesburg Branch

## Pillar 3 Quarterly Disclosure

March 2024



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# Key Prudential metrics and overview of RWA

Table 1: Key metrics (KM1)

	At				
	31-Mar 2024 R'm	31-Dec 2023 R'm	30-Sep 2023 R'm	30-Jun 2023 R'm	31-Mar 2023 R'm
<b>Available capital (amounts)</b>					
1	4 695	4 685	4 684	4 661	4 678
1a	4 695	4 685	4 684	4 661	4 678
2	4 695	4 685	4 684	4 661	4 678
2a	4 695	4 685	4 684	4 661	4 678
3	4 775	4 738	4 768	4 737	4 772
3a	4 775	4 738	4 768	4 737	4 772
<b>Risk-weighted assets (amounts)</b>					
4	30 932	28 481	29 319	27 619	28 975
<b>Risk-based capital ratios as a percentage of RWA</b>					
5	15,18%	16,45%	15,98%	16,87%	16,15%
5a	15,18%	16,45%	15,98%	16,87%	16,15%
6	15,18%	16,45%	15,98%	16,87%	16,15%
6a	15,18%	16,45%	15,98%	16,87%	16,15%
7	15,44%	16,64%	16,26%	17,15%	16,47%
7a	15,44%	16,64%	16,26%	17,15%	16,47%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>					
8	2,50%	2,50%	2,50%	2,50%	2,50%
9	0,02%	0,03%	0,03%	0,03%	0,00%
10	0,00%	0,00%	0,00%	0,00%	0,00%
11	2,52%	2,53%	2,53%	2,53%	2,50%
12	7,28%	8,55%	8,07%	8,97%	8,27%
<b>Basel III Leverage Ratio</b>					
13	94 363	76 834	84 611	86 427	77 517
14	4,98%	6,10%	5,54%	5,39%	6,03%
14a	4,98%	6,10%	5,54%	5,39%	6,03%
<b>Liquidity Coverage Ratio</b>					
15	55 737	44 893	51 629	49 995	45 159
16	34 902	34 898	37 714	41 849	34 422
17	<b>160%</b>	<b>129%</b>	<b>137%</b>	<b>119%</b>	<b>131%</b>
<b>Net Stable Funding Ratio</b>					
18	27 788	25 483	26 665	28 281	27 488
19	19 103	17 363	18 314	19 229	18 949
20	<b>145%</b>	<b>147%</b>	<b>146%</b>	<b>147%</b>	<b>145%</b>

Table 2: Overview of risk management (OV1)

	a	b	c
	RWA		Minimum capital requirements <sup>1</sup>
	31-Mar 2024 R'm	31-Dec 2023 R'm	31-Mar 2024 R'm
1 <b>Credit risk (excluding counterparty credit risk)</b>	26 310	23 045	3 026
2 Of which: standardised approach (SA)	26 310	23 045	3 026
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 <b>Counterparty credit risk (CCR)</b>	952	1 503	110
7 Of which: standardised approach for counterparty credit risk	952	1 503	110
8 Of which: Internal Model Method (IMM)	-	-	-
9 Of which: other CCR	-	-	-
10 <b>Credit valuation adjustment (CVA)</b>	116	209	13
11 <b>Equity positions under the simple risk weight approach</b>	-	-	-
12 <b>Equity investments in funds - look-through approach</b>	-	-	-
13 <b>Equity investments in funds - mandate-based approach</b>	-	-	-
14 <b>Equity investments in funds - fall-back approach</b>	-	-	-
15 <b>Settlement risk</b>	-	-	-
16 <b>Securitisation exposures in the banking book</b>	-	-	-
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 <b>Market risk</b>	166	223	13
21 Of which: standardised approach (SA)	166	223	13
22 Of which: internal model approaches (IMA)	-	-	-
23 <b>Capital charge for switch between trading book and banking book</b>	-	-	-
24 <b>Operational risk</b>	2 950	2 950	339
25 <b>Amounts below thresholds for deduction (subject to 250% risk weight)</b>	436	550	50
26 <b>Floor adjustment</b>	-	-	-
27 <b>Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)</b>	30 932	28 481	3 551

<sup>1</sup> 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)

	31-Mar 2024 R'm
1 Total consolidated assets as per the BA 900	85 200
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	383
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)	8 836
7 Other adjustments	(56)
<b>8 Leverage ratio exposure measure</b>	<b>94 363</b>

**Table 4: Leverage ratio (LR2)**

	31-Mar 2024 R'm	31-Dec 2023 R'm
<b>On-balance sheet exposures</b>		
1 On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	53 505	37 108
2 (Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
<b>3 Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of row 1 and 2)</b>	<b>53 505</b>	<b>37 108</b>
<b>Derivative exposures</b>		
4 Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	253	482
5 Add-on amounts for PFE associated with <i>all</i> derivatives transactions	383	378
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)	-	-
<b>11 Total derivative exposures (sum of rows 4 to 10)</b>	<b>636</b>	<b>860</b>
<b>Securities financing transactions</b>		
12 Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions	31 387	30 460
13 (Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14 CCR exposure for SFT assets	-	-
15 Agent transaction exposures	-	-
<b>16 Total securities financing transaction exposures (sum of rows 12 to 15)</b>	<b>31 387</b>	<b>30 460</b>
<b>Other off-balance sheet exposures</b>		
17 Off-balance sheet exposure at gross notional amount	34 671	32 283
18 (Adjustments for conversion to credit equivalent amounts)	(25 835)	(23 876)
<b>19 Off-balance sheet items (sum of rows 17 and 18)</b>	<b>8 836</b>	<b>8 407</b>
<b>Capital and total exposures</b>		
20 Tier 1 capital	4 695	4 685
<b>21 Total exposures (sum of rows 3, 11, 16 and 19)</b>	<b>94 363</b>	<b>76 834</b>
<b>Leverage ratio</b>		
<b>22 Basel III leverage ratio</b>	<b>4,98%</b>	<b>6,10%</b>

# Liquidity Risk

Table 5: Liquidity coverage ratio (LIQ1)

	Total unweighted value (average) R'm	Total weighted value (average) R'm
<b>High-quality liquid assets</b>		
1 Total HQLA		49 062
<b>Cash outflows</b>		
2 Retail deposits and deposits from small business customers, of which:		
3 Stable deposits	-	-
4 Less stable deposits	-	-
5 <b>Unsecured wholesale funding, of which:</b>		
6 Operational deposits (all counterparties) and deposits in networks of cooperative banks	4 762	1 191
7 Non-operational deposits (all counterparties)	58 141	47 715
8 Unsecured debt	-	-
9 <b>Secured wholesale funding</b>		-
10 <b>Additional requirements, of which:</b>		
11 Outflows related to derivative exposures and other collateral requirements	12 308	12 308
12 Outflows related to loss of funding of debt products	-	-
13 Credit and liquidity facilities	-	-
14 Other contractual funding obligations	5 266	260
15 Other contingent funding obligations	20 235	1 157
16 <b>TOTAL CASH OUTFLOWS</b>		<b>62 631</b>
<b>Cash inflows</b>		
17 Secured lending (eg reverse repo)	183	-
18 Inflows from fully performing exposures	18 296	13 815
19 Other cash inflows	12 316	12 316
20 <b>TOTAL CASH INFLOWS</b>	<b>30 795</b>	<b>26 132</b>
		<b>Total adjusted value</b>
21 Total HQLA		55 737
22 Total net cash outflows		34 902
23 Liquidity coverage ratio (%)		<b>160%</b>

Table 6: Net stable ratio funding (LIQ2)

	Unweighted value by residual maturity				Weighted value R'm
	No maturity* R'm	<6 months R'm	6 months to <1 year R'm	≥1 year R'm	
<b>Available stable funding (ASF) item</b>					
1	Capital:			4 830	4 830
2	Regulatory capital	-	-	4 830	4 830
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	-	5 898	-	2 949
9	Other wholesale funding	-	65 002	683	20 009
10	Liabilities with matching interdependent assets				
11	Other liabilities:				
12	NSFR derivative liabilities			181	
13	All other liabilities and equity not included in the above categories	-	7 062	-	-
<b>14</b>	<b>Total ASF</b>				<b>27 788</b>
<b>Required stable funding (RSF) item</b>					
15	Total NSFR high-quality liquid assets (HQLA)				-
16	Deposits held at other financial institutions for operational purposes		-	-	-
17	Performing loans and securities:		38 653		4 537
18	Performing loans to financial institutions secured by Level 1 HQLA	-	31 387	-	3 139
19	Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions	-	7 266	237	1 398
20	Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and ESEs, of which:		12 239	132	6 186
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	-	6 554	16 716	1 164
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				253
30	NSFR derivative liabilities before deduction of variation margin posted			181	-
31	All other assets not included in the above categories	-		5 159	5 159
32	Off-balance sheet items		34 689		1 752
<b>33</b>	<b>Total RSF</b>				<b>19 103</b>
<b>34</b>	<b>Net Stable Funding Ratio (%)</b>				<b>145%</b>