HSBC Bank plc - Johannesburg Branch

Pillar 3 Quarterly Disclosure

March 2022

HSBC

PUBLIC

Table of Contents

Key Prudential metrics and overview of RWA

Table 1: Key metrics (KM1)

		31-Mar 2022 R'm	31-Dec 2021 R'm	30-Sep 2021 R'm	30-Jun 2021 R'm	31-Mar 2021 R'm
	Available capital (amounts)					
1	Common Equity Tier 1 (CET1)	4,712	4,715	4,732	4,718	4,691
1a	Fully loaded ECL accounting model	4,712	4,715	4,732	4,718	4,691
2	Tier 1	4,712	4,715	4,732	4,718	4,691
2a	Fully loaded accounting model Tier 1	4,712	4,715	4,732	4,718	4,691
3	Total capital	4,762	4,760	4,774	4,766	4,781
3a	Fully loaded ECL accounting model total capital	4,762	4,760	4,774	4,766	4,781
	Risk-weighted assets (amounts)					
4	Total risk-weighted assets (RWA)	24,902	27,261	21,599	20,971	20,179
	Risk-based capital ratios as a percentage of RWA					
5	Common Equity Tier 1 ratio (%)	18.92%	17.30%	21.91%	22.50%	23.25%
5a	Fully loaded ECL accounting model CET1 (%)	18.92%	17.30%	21.91%	22.50%	23.25%
6	Tier 1 ratio (%)	18.92%	17.30%	21.91%	22.50%	23.25%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	18.92%	17.30%	21.91%	22.50%	23.25%
7	Total capital ratio (%)	19.12%	17.46%	22.11%	22.73%	23.70%
7a	Fully loaded ECL accounting model total capital ratio (%)	19.12%	17.46%	22.11%	22.73%	23.70%
	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 (%)	11.05%	9.92%	14.53%	14.62%	15.37%
	Basel III Leverage Ratio					
13	Total Basel III leverage ratio measure	71,379	75,642	72,353	63,803	58,305
14	Basel III leverage ratio (%) (row 2/row 13)	6.60%	6.23%	6.54%	7.40%	8.05%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	6.60%	7.39%	6.54%	7.40%	8.05%
	Liquidity Coverage Ratio					
15	Total HQLA	44,014	47,289	42,215	42,407	38,276
16	Total net cash outflow	31,288	37,385	27,807	29,465	27,811
17	LCR ratio (%)	**141%**	**126%**	**152%**	**144%**	**138%**
	Net Stable Funding Ratio					
18	Total available stable funding	24,508	27,119	25,958	23,663	21,356
19	Total required stable funding	16,009	16,420	12,874	12,497	13,545
20	NSFR ratio (%)	**153%**	**165%**	**202%**	**189%**	**158%**

Table 2: Overview of risk management (OV1)

		RWA		Minimum capital requirements[1]
		31-Mar 2022 R'm	31-Dec 2021 R'm	31-Mar 2022 R'm
1	**Credit risk (excluding counterparty credit risk)**	**19,638**	**22,256**	**2,258**
2	Of which: standardised approach (SA)	19,638	22,256	2,258
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)**	**1,241**	**1,008**	**143**
7	Of which: standardised approach for counterparty credit risk	1,241	1,008	143
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	**Credit valuation adjustment (CVA)**	**296**	**169**	34
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**	**126**	**204**	**10**
21	Of which: standardised approach (SA)	126	204	10
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)**	**525**	**549**	**60**
26	**Floor adjustment**	-	-	-
27	**Total (1+6+10+11+12+13+14+15+16+20+23+24+25+26)**	**24,902**	**27,261**	**2,859**

[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)

		31 Mar 2022 R'm
1	Total consolidated assets as per the BA 900	65 542
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	490
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)	5 338
7	Other adjustments	9
8	**Leverage ratio exposure measure**	**71 379**

Table 4: Leverage ratio (LR2)

		31-Mar 2022 R'm	31-Dec 2021 R'm
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	48,281	45,185
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)**	48,281	45,185
Derivative exposures			
4	Replacement cost associated with *all* derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	696	933
5	Add-on amounts for PFE associated with *all* derivatives transactions	490	523
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)**	1,187	1,456
Securities financing transactions			
12	Gross SFT *assets* (with no recognition of netting), after adjusting for sale accounting transactions	16,574	24,074
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)**	16,574	24,074
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	13,768	19,833
18	(Adjustments for conversion to credit equivalent amounts)	(8,430)	(14,906)
19	**Off-balance sheet items (sum of rows 17 and 18)**	5,338	4,927
Capital and total exposures			
20	**Tier 1 capital**	4,712	4,715
21	**Total exposures (sum of rows 3, 11, 16 and 19)**	71,379	75,642
Leverage ratio			
22	**Basel III leverage ratio**	**6.60%**	**6.23%**

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		43,335
	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	4,425	1,106
7	Non-operational deposits (all counterparties)	51,468	41,917
8	Unsecured debt	-	-
9	**Secured wholesale funding**		-
10	**Additional requirements, of which:**		
11	Outflows related to derivative exposures and other collateral requirements	12,104	12,104
12	Outflows related to loss of funding of debt products	-	-
13	Credit and liquidity facilities	-	-
14	**Other contractual funding obligations**	3,993	192
15	**Other contingent funding obligations**	16,449	910
16	**TOTAL CASH OUTFLOWS**		**56,230**
	Cash inflows		
17	**Secured lending (eg reverse repo)**	590	-
18	**Inflows from fully performing exposures**	18,425	14,147
19	**Other cash inflows**	12,119	12,119
20	**TOTAL CASH INFLOWS**	**31,134**	**26,266**
			Total adjusted value
21	**Total HQLA**		44,014
22	**Total net cash outflows**		31,288
23	**Liquidity coverage ratio (%)**		**141%**

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:				4,762	4,762
2	*Regulatory capital*	-	-	-	4,762	4,762
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*	-	4,102	-	-	2,051
9	*Other wholesale funding*	-	51,602	188	-	17,695
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	*NSFR derivative liabilities*				643	
13	*All other liabilities and equity not included in the above categories*	-	3,255	-	-	-
14	**Total ASF**					24,508
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:		20,393			2,314
18	*Performing loans to financial institutions secured by Level 1 HQLA*	-	16,574	-	-	1,657
19	*Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions*	-	3,819	153	7	657
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:*	-	10,490	268	-	5,379
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*	-	22,694	3,743	-	1,322
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*				-	696
30	*NSFR derivative liabilities before deduction of variation margin posted*				643	-
31	*All other assets not included in the above categories*	-			5,138	5,138
32	Off-balance sheet items		20,970			1,110
33	***Total RSF***					**16,009**
34	***Net Stable Funding Ratio (%)***					**153%**