

# HSBC Bank plc - Johannesburg Branch

## Pillar 3 Quarterly disclosure

30 September 2024



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# Key Prudential metrics and overview of RWA

Table 1: Key metrics (KM1)

	30-Sep 2024 R'm	30-Jun 2024 R'm	31-Mar 2024 R'm	31-Dec 2023 R'm	30-Sep 2023 R'm	
<b>Available capital (amounts)</b>						
1	Common Equity Tier 1 (CET1)	4 688	4 654	4 695	4 685	4 684
1a	Fully loaded ECL accounting model CET1	4 688	4 654	4 695	4 685	4 684
2	Tier 1	4 688	4 654	4 695	4 685	4 684
2a	Fully loaded ECL accounting model Tier 1	4 688	4 654	4 695	4 685	4 684
3	Total capital	4 741	4 730	4 775	4 738	4 768
3a	Fully loaded ECL accounting model total capital	4 741	4 730	4 775	4 738	4 768
<b>Risk-weighted assets (amounts)</b>						
4	Total risk-weighted assets (RWA)	27 640	32 573	30 932	28 481	29 319
4a	Total risk-weighted assets (pre-floor)	27 640	32 573	30 932	28 481	29 319
<b>Risk-based capital ratios as a percentage of RWA</b>						
5	CET1 ratio (%)	16.96%	14.29%	15.18%	16.45%	15.98%
5a	Fully loaded ECL accounting model CET1 (%)	16.96%	14.29%	15.18%	16.45%	15.98%
5b	CET1 ratio (%) (pre-floor ratio)	16.96%	14.29%	15.18%	16.45%	15.98%
6	Tier 1 ratio (%)	16.96%	14.29%	15.18%	16.45%	15.98%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16.96%	14.29%	15.18%	16.45%	15.98%
6b	Tier 1 ratio (%) (pre-floor ratio)	16.96%	14.29%	15.18%	16.45%	15.98%
7	Total capital ratio (%)	17.15%	14.52%	15.44%	16.64%	16.26%
7a	Fully loaded ECL accounting model total capital ratio (%)	17.15%	14.52%	15.44%	16.64%	16.26%
7b	Total capital ratio (%) (pre-floor ratio)	17.15%	14.52%	15.44%	16.64%	16.26%
<b>Additional CET1 buffer requirements as a percentage of RWA</b>						
8	Capital conservation buffer requirement (2.5% from 2019) (%)	2.50%	2.50%	2.50%	2.50%	2.50%
9	Countercyclical buffer requirement (%)	-	-	-	-	-
10	Bank G-SIB and/or D-SIB additional requirements (%)	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.52%	2.53%	2.53%
12	CET1 available after meeting the bank's minimum capital requirements (%)	9.06%	6.39%	7.28%	8.55%	8.07%
<b>Basel III Leverage ratio</b>						
13	Total Basel III leverage ratio exposure measure	90 798	97 686	94 363	76 834	84 611
14	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves)	5.16%	4.76%	4.98%	6.10%	5.54%
14a	Fully loaded ECL accounting model Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) (%)	5.16%	4.76%	4.98%	6.10%	5.54%
14b	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves)	5.16%	4.76%	4.98%	6.10%	5.54%
14c	Basel III leverage ratio (%) (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	5.16%	4.76%	4.98%	6.10%	5.54%
14d	Basel III leverage ratio (%) (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values for SFT assets	5.16%	4.76%	4.98%	6.10%	5.54%
<b>Liquidity Coverage Ratio (LCR)</b>						
15	Total high-quality liquid assets (HQLA)	58 019	52 129	55 737	44 893	51 629
16	Total net cash outflow	36 931	32 871	34 902	34 898	37 714
17	<b>LCR ratio (%)</b>	<b>157%</b>	<b>159%</b>	<b>160%</b>	<b>129%</b>	<b>137%</b>
<b>Net Stable Funding Ratio (NSFR)</b>						
18	Total available stable funding	26 598	29 206	27 788	25 483	26 665
19	Total required stable funding	18 621	19 446	19 103	17 363	18 314
20	<b>NSFR ratio</b>	<b>143%</b>	<b>150%</b>	<b>145%</b>	<b>147%</b>	<b>146%</b>

Table 2: Overview of risk management (OV1)

	a	b	c
	RWA		Minimum capital requirements
	30-Sep 2024 R'm	30-Jun 2024 R'm	30-Sep 2024 R'm
1 <b>Credit risk (excluding counterparty credit risk)</b>	21 939	27 458	2 523
2 Of which: standardised approach (SA)	21 939	27 458	2 523
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>	1 639	1 369	188
7 Of which: standardised approach for counterparty credit risk	1 639	1 369	188
8 Of which: IMM	-	-	-
9 Of which: other CCR	-	-	-
10 <b>Credit valuation adjustment (CVA)</b>	281	189	32
11 <b>Equity positions under the simple risk weight approach and the internal model method during the five-year linear phase-in period</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 banking book</b>	-	-	-
17 Of which: securitisation IRB approach (SEC-IRBA)	-	-	-
18 Of which: securitisation external ratings-based approach (SEC-ERBA), including internal assessment approach (IAA)	-	-	-
19 Of which: securitisation standardised approach (SEC-SA)	-	-	-
20 <b>Market risk</b>	249	174	20
21 Of which: standardised approach (SA)	249	174	20
22 Of which: internal model approach (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 the thresholds for deduction (subject to 250% risk weight)</b>	582	433	67
26 <b>Output floor applied</b>	-	-	-
27 <b>Floor adjustment (before application of transitional cap)</b>	-	-	-
28 <b>Floor adjustment (after application of transitional cap)</b>	-	-	-
29 <b>Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25 + 28)</b>	27 640	32 573	3 170

# Leverage ratio

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

	30-Sep 2024 R'm
1 Total consolidated assets as per published financial statements	83 611
2 Adjustment 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 securitised exposures that meet the operational requirements for the recognition of risk transference	-
4 Adjustments for temporary exemption of central bank reserves (if applicable)	-
5 Adjustment for fiduciary assets recognised on the balance sheet pursuant to the operative accounting framework but excluded from the leverage ratio exposure measure	-
6 Adjustments for regular-way purchases and sales of financial assets subject to trade date accounting	-
7 Adjustments for eligible cash pooling transactions	-
8 Adjustments for derivative financial instruments	381
9 Adjustment for securities financing transactions (ie repurchase agreements and similar secured lending)	-
10 Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)	6 868
11 Adjustments for prudent valuation adjustments and specific and general provisions which have reduced Tier 1 capital	-
12 Other adjustments	(63)
<b>13 Leverage ratio exposure measure</b>	<b>90 798</b>

## Table 4: Leverage ratio (LR2)

	30-Sep 2024	30-Jun 2024	
	R'm	R'm	
<b>On-balance sheet exposures</b>			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	51 729	55 518
2	Gross-up for derivatives collateral provided where deducted from balance sheet assets pursuant to the operative accounting framework	-	-
3	(Deductions of receivable assets for cash variation margin provided in derivatives transactions)	-	-
4	(Adjustment for securities received under securities financing transactions that are recognised as an asset)	-	-
5	(Specific and general provisions associated with on-balance sheet exposures that are deducted from Tier 1 capital)	-	-
6	(Asset amounts deducted in determining Tier 1 capital and regulatory adjustments)	-	-
<b>7</b>	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 to 6)</b>	<b>51 729</b>	<b>55 518</b>
<b>Derivative exposures</b>			
8	netting and/or the specific treatment for client cleared derivatives)	708	453
9	Add-on amounts for potential future exposure associated with <i>all</i> derivatives transactions	381	417
10	(Exempted central counterparty (CCP) leg of client-cleared trade exposures)	-	-
11	Adjusted effective notional amount of written credit derivatives	-	-
12	(Adjusted effective notional offsets and add-on deductions for written credit derivatives)	-	-
<b>13</b>	<b>Total derivative exposures (sum of rows 8 to 12)</b>	<b>1 089</b>	<b>870</b>
<b>Securities financing transaction exposures</b>			
14	Gross SFT assets (with no recognition of netting), after adjustment for sale accounting transactions	31 111	33 358
15	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
16	Counterparty credit risk exposure for SFT assets	-	-
17	Agent transaction exposures	-	-
<b>18</b>	<b>Total securities financing transaction exposures (sum of rows 14 to 17)</b>	<b>31 111</b>	<b>33 358</b>
<b>Other off-balance sheet exposures</b>			
19	Off-balance sheet exposure at gross notional amount	31 232	34 369
20	(Adjustments for conversion to credit equivalent amounts)	(24 364)	(26 429)
21	(Specific and general provisions associated with off-balance sheet exposures deducted in determining Tier 1 capital)	-	-
<b>22</b>	<b>Off-balance sheet items (sum of rows 19 to 21)</b>	<b>6 868</b>	<b>7 940</b>
<b>Capital and total exposures</b>			
<b>23</b>	<b>Tier 1 capital</b>	<b>4 688</b>	<b>4 654</b>
<b>24</b>	<b>Total exposures (sum of rows 7, 13, 18 and 22)</b>	<b>90 798</b>	<b>97 686</b>
<b>Leverage ratio</b>			
<b>25</b>	<b>Leverage ratio (including the impact of any applicable temporary exemption of central bank reserves)</b>	<b>5.16%</b>	<b>4.76%</b>
<b>25a</b>	<b>Leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves)</b>	<b>5.16%</b>	<b>4.76%</b>
<b>26</b>	<b>National minimum leverage ratio requirement</b>	<b>4.00%</b>	<b>4.00%</b>
<b>27</b>	<b>Applicable leverage buffers</b>	-	-
<b>Disclosure of mean values</b>			
28	Mean value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	170	183
29	Quarter-end value of gross SFT assets, after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables	170	183
30	Total exposures (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	498	535
30a	Total exposures (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	498	535
31	Basel III leverage ratio (including the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.16%	4.76%
31a	Basel III leverage ratio (excluding the impact of any applicable temporary exemption of central bank reserves) incorporating mean values from row 28 of gross SFT assets (after adjustment for sale accounting transactions and netted of amounts of associated cash payables and cash receivables)	5.16%	4.76%

# Liquidity Risk

Table 5: Liquidity coverage ratio (LIQ1)

	a	b
	Total unweighted value (average)	Total weighted value (average)
<b>High-quality liquid assets</b>		
1	Total HQLA	55 705
<b>Cash outflows</b>		
2	<b>Retail deposits and deposits from small business customers, of which:</b>	
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	5 780
7	Non-operational deposits (all counterparties)	59 946
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	13 042
12	Outflows related to loss of funding on debt products	-
13	Credit and liquidity facilities	-
14	<b>Other contractual funding obligations</b>	7 038
15	<b>Other contingent funding obligations</b>	26 317
16	<b>TOTAL CASH OUTFLOWS</b>	<b>63 468</b>
<b>Cash inflows</b>		
17	<b>Secured lending (eg reverse repos)</b>	1 216
18	<b>Inflows from fully performing exposures</b>	17 981
19	<b>Other cash inflows</b>	13 129
20	<b>TOTAL CASH INFLOWS</b>	<b>32 326</b>
		<b>Total adjusted value</b>
21	<b>Total HQLA</b>	<b>58 019</b>
22	<b>Total net cash outflows</b>	<b>36 931</b>
23	<b>Liquidity Coverage Ratio (%)</b>	<b>157%</b>

**Table 6: Net stable ratio funding (NSFR)**

		a	b	c	d	e
		Unweighted value by residual maturity				Weighted value
		No maturity	< 6 months	6 months to < 1 year	≥ 1 year	
<b>Available stable funding (ASF) item</b>						
1	Capital:			4 804	4 804	
2	<i>Regulatory capital</i>			4 804	4 804	
3	<i>Other capital instruments</i>					
4	Retail deposits and deposits from small business customers:					
5	<i>Stable deposits</i>					
6	<i>Less stable deposits</i>					
7	Wholesale funding:					
8	<i>Operational deposits</i>		5 853			2 926
9	<i>Other wholesale funding</i>		62 688	795		18 868
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	<i>NSFR derivative liabilities</i>				650	
13	<i>All other liabilities and equity not included in the above categories</i>		6 662			
14	<b>Total ASF</b>					<b>26 598</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		3 194			
17	Performing loans and securities:		36 717			4 456
18	<i>Performing loans to financial institutions secured by Level 1 HQLA</i>		31 111			3 111
19	<i>Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions</i>		5 606	147		1 345
20	<i>Performing loans to non-financial corporate clients, loans to retail and small business customers, and loans to sovereigns, central banks and PSEs, of which:</i>		10 347	358		
21	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
22	<i>Performing residential mortgages, of which:</i>					
23	<i>With a risk weight of less than or equal to 35% under the Basel II standardised approach for credit risk</i>					
24	<i>Securities that are not in default and do not qualify as HQLA, including exchange-traded equities</i>		19 526			1 278
25	Assets with matching interdependent liabilities					
26	Other assets:					
27	<i>Physical traded commodities, including gold</i>					
28	<i>Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties</i>					
29	<i>NSFR derivative assets</i>		708		482	708
30	<i>NSFR derivative liabilities before deduction of variation margin posted</i>		650			
31	<i>All other assets not included in the above categories</i>				5 132	5 132
32	Off-balance sheet items		31 297			1 627
33	<b>Total RSF</b>					<b>18 621</b>
34	<b>Net Stable Funding Ratio (%)</b>					<b>143%</b>