



GRINDROD BANK LIMITED  
BASEL PILLAR III DISCLOSURE REPORT  
31 DECEMBER 2023



# Grindrod Bank Limited

## Template Reference:

|    |  | Annual Financial Statements |
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Grindrod bank has not prepared an integrated report since acquisition by African Bank in November 2022. The references to the integrated report sections can be found on the African Bank Pillar III disclosures, as Grindrod bank is consolidated into the group information presented.

# Capital management

## Template KM1: Key metrics - Grindrod Bank Limited

|   |   | a          | b          | c          | d          | e          |
|---|---|------------|------------|------------|------------|------------|
|   |   | Dec-23     | Sep-23     | Jun-23     | Mar-23     | Dec-22     |
|   |   | T          | T-1        | T-2        | T-3        | T-4        |
|   | Available capital (amounts)   | R'000      | R'000      | R'000      | R'000      | R'000      |
| 1   | Common Equity Tier 1 (CET1)   | 1,583,686  | 1,527,192  | 1,470,081  | 1,470,081  | 1,345,073  |
| 1a  | Fully loaded ECL accounting model CET1  | 1,583,686  | 1,527,192  | 1,470,081  | 1,470,081  | 1,345,073  |
| 2   | Tier 1  | 1,868,686  | 1,812,192  | 1,755,081  | 1,755,081  | 1,630,073  |
| 2a  | Fully loaded ECL accounting model Tier 1  | 1,868,686  | 1,812,192  | 1,755,081  | 1,755,081  | 1,630,073  |
| 3   | Total capital   | 1,905,032  | 1,837,932  | 1,774,255  | 1,766,254  | 1,639,317  |
| 3a  | Fully loaded ECL accounting model total capital                                 | 1,905,032  | 1,837,932  | 1,774,255  | 1,766,254  | 1,639,317  |
| <b>Risk-weighted assets (amounts)</b>                             |   |            |            |            |            |            |
| 4   | Total risk-weighted assets (RWA)  | 12,682,986 | 12,173,745 | 10,979,512 | 10,340,309 | 10,402,761 |
| <b>Risk-based capital ratios as a percentage of RWA</b>           |   |            |            |            |            |            |
| 5   | Common Equity Tier 1 ratio (%)  | 12.49%     | 12.55%     | 13.39%     | 14.22%     | 12.93%     |
| 5a  | Fully loaded ECL accounting model Common Equity Tier 1 (%)                      | 12.49%     | 12.55%     | 13.39%     | 14.22%     | 12.93%     |
| 6   | Tier 1 ratio (%)  | 14.73%     | 14.89%     | 15.99%     | 16.97%     | 15.67%     |
| 6a  | Fully loaded ECL accounting model Tier 1 ratio (%)                              | 14.73%     | 14.89%     | 15.99%     | 16.97%     | 15.67%     |
| 7   | Total capital ratio (%)   | 15.02%     | 15.10%     | 16.16%     | 17.08%     | 15.76%     |
| 7a  | Fully loaded ECL accounting model total capital ratio (%)                       | 15.02%     | 15.10%     | 16.16%     | 17.08%     | 15.76%     |
| <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 (%)  | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      |
| 10  | Bank G-SIB and/or D-SIB additional requirements (%)                             | 0.00%      | 0.00%      | 0.00%      | 0.00%      | 0.00%      |
| 11  | Total of bank CET1 specific buffer requirements (%)<br>(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 (%)        | 4.99%      | 5.05%      | 5.89%      | 6.72%      | 5.43%      |
| <b>Basel III leverage ratio</b>                                   |   |            |            |            |            |            |
| 13  | Total Basel III leverage ratio exposure measure                                 | 16,911,544 | 16,114,910 | 16,274,600 | 14,952,061 | 14,970,525 |
| 14  | Basel III leverage ratio (%) (row 2 / row 13)                                   | 11.05%     | 11.25%     | 10.78%     | 11.74%     | 10.89%     |
| 14a   | Fully loaded ECL accounting model Basel III leverage ratio (%)                  | 11.05%     | 11.25%     | 10.78%     | 11.74%     | 10.89%     |
| <b>Liquidity Coverage Ratio</b>                                   |   |            |            |            |            |            |
| 15  | Total high-quality liquid assets (HQLA)   | 4,888,768  | 4,923,787  | 4,528,963  | 4,368,351  | 4,684,883  |
| 16  | Total net cash outflow  | 1,756,306  | 1,488,654  | 919,643    | 1,049,363  | 1,150,365  |
| 17  | LCR (%)   | 278%       | 331%       | 492%       | 416%       | 407%       |
| <b>Net Stable Funding Ratio</b>                                   |   |            |            |            |            |            |
| 18  | Total available stable funding  | 11,601,789 | 11,586,715 | 11,146,652 | 11,031,172 | 11,123,230 |
| 19  | Total required stable funding   | 8,365,068  | 8,242,917  | 7,749,482  | 7,291,104  | 7,106,221  |
| 20  | NSFR  | 139%       | 141%       | 144%       | 151%       | 157%       |

# Capital management

## Template OV1: Overview of RWA - Grindrod Bank Limited

|    |   | a          | b          | c                            |
|----|---|------------|------------|------------------------------|
|    |   | RWA        |            | Minimum capital requirements |
|    |   | Dec-23     | Sep-23     | Dec-23                       |
|    |   | T          | T-1        | T                            |
|    |   | R'000      | R'000      | R'000                        |
| 1  | Credit risk (excluding counterparty credit risk)  | 10,194,251 | 9,581,465  | 1,172,339                    |
| 2  | Of which: standardised approach   | 10,194,251 | 9,581,465  | 1,172,339                    |
| 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)  | 5,368      | 4,494      | 617                          |
| 7  | Of which: standardised approach for counterparty credit risk  | 5,368      | 4,494      | 617                          |
| 8  | Of which: Internal Model Method (IMM)   | -          | -          | -                            |
| 9  | Of which: other CCR   | -          | -          | -                            |
| 10 | Credit valuation adjustment (CVA)   | 4,839      | 4,607      | 556                          |
| 11 | Equity positions under the simple risk weight approach and the internal model method                              | 1,124,970  | 1,233,620  | 129,372                      |
| 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 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 (IAA) | -          | -          | -                            |
| 19 | Of which: securitisation standardised approach (SEC-SA)   | -          | -          | -                            |
| 20 | Market risk   | 1,829      | 1,868      | 210                          |
| 21 | Of which: standardised approach   | 1,829      | 1,868      | 210                          |
| 22 | Of which: internal models approach (IMA)  | -          | -          | -                            |
| 23 | Operational risk  | 1,066,759  | 1,066,759  | 122,677                      |
| 24 | Amounts below the thresholds for deduction (subject to 250% risk weight)  | 140,172    | 140,172    | 16,120                       |
| 25 | Floor adjustment  | 144,798    | 140,760    | 16,652                       |
| 26 | <b>Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)</b>                                       | 12,682,986 | 12,173,745 | 1,458,543                    |

## Leverage ratio

### Template LR1 – Summary comparison of accounting assets vs leverage ratio exposure measure - Grindrod Bank Limited

|          |  | Dec-23            |
|----------|--|-------------------|
|          |  | R'000             |
| 1        | Total consolidated assets as per published financial statements  | 15,746,939        |
| 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 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   | 3,834             |
| 5        | Adjustment for securities financing transactions (ie repos and similar secured lending)  | -                 |
| 6        | Adjustment for off-balance sheet items (ie conversion to credit equivalent amounts of off-balance sheet exposures)   | 1,160,771         |
| 7        | Other adjustments  | -                 |
| <b>8</b> | <b>Leverage ratio exposure measure</b>   | <b>16,911,544</b> |

# Leverage ratio

## Template LR2: Leverage ratio common disclosure template - Grindrod Bank Limited

|   |   | Dec-23      | Sep-23      |
|---|---|-------------|-------------|
|   |   | T           | T-1         |
|   |   | R'000       | R'000       |
|   |   | Quarter-end | Quarter-end |
| <b>On-balance sheet exposures</b>                 |   |             |             |
| 1   | On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)                                   | 15,746,939  | 15,161,529  |
| 2   | (Asset amounts deducted in determining Basel III Tier 1 capital)  | -           | -           |
| 3   | <b>Total on-balance sheet exposures</b> (excluding derivatives and SFTs) (sum of rows 1 and 2)  | 15,746,939  | 15,161,529  |
| <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) | 3,356       | 2,599       |
| 5   | Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions  | 478         | 611         |
| 6   | Gross-up for derivatives collateral provided where deducted from the balance sheet assets pursuant to the operative accounting framework                    | -           | -           |
| 7   | (Deductions of receivables assets for cash variation margin provided in derivatives transactions)   | -           | -           |
| 8   | (Exempted central counterparty, or 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  | <b>Total derivative exposures (sum of rows 4 to 10)</b>   | 3,834       | 3,210       |
| <b>Securities financing transaction exposures</b> |   |             |             |
| 12  | Gross SFT assets (with no recognition of netting), after adjusting for sale accounting transactions   | -           | -           |
| 13  | (Netted amounts of cash payables and cash receivables of gross SFT assets)  | -           | -           |
| 14  | Counterparty credit risk exposure for SFT assets  | -           | -           |
| 15  | Agent transaction exposures   | -           | -           |
| 16  | <b>Total securities financing transaction exposures (sum of rows 12 to 15)</b>  | -           | -           |
| <b>Other off-balance sheet exposures</b>          |   |             |             |
| 17  | Off-balance sheet exposure at gross notional amount   | 1,840,908   | 1,534,678   |
| 18  | (Adjustments for conversion to credit equivalent amounts)   | (680,137)   | (584,508)   |
| 19  | <b>Off-balance sheet items (sum of rows 17 and 18)</b>  | 1,160,771   | 950,170     |
| <b>Capital and total exposures</b>                |   |             |             |
| 20  | <b>Tier 1 capital</b>   | 1,868,686   | 1,812,192   |
| 21  | <b>Total exposures (sum of rows 3, 11, 16 and 19)</b>   | 16,911,544  | 16,114,909  |
| <b>Leverage ratio</b>                             |   |             |             |
| 22  | <b>Basel III leverage ratio</b>   | 11.05%      | 11.25%      |

# Liquidity

## Template LIQ1: Liquidity Coverage Ratio (LCR)

|                                   |   | Dec-23                      |                      |
|-----------------------------------|---|-----------------------------|----------------------|
|                                   |   | a                           | b                    |
|                                   |   | Total unweighted value      | Total weighted value |
|                                   |   | (average)                   | (average)            |
|                                   |   | R'000                       | R'000                |
| <b>High-quality liquid assets</b> |   |                             |                      |
| 1                                 | Total HQLA  | 5,204,112                   | 5,204,112            |
| <b>Cash outflows</b>              |   |                             |                      |
| 2                                 | <b>Retail deposits and deposits from small business customers, of which:</b>            |                             |                      |
| 3                                 | Stable deposits   | -                           | -                    |
| 4                                 | Less stable deposits  | 2,711,769                   | 271,177              |
| 5                                 | <b>Unsecured wholesale funding, of which:</b>   |                             |                      |
| 6                                 | Operational deposits (all counterparties) and deposits in networks of cooperative banks | -                           | -                    |
| 7                                 | Non-operational deposits (all counterparties)   | 7,266,620                   | 1,933,822            |
| 8                                 | Unsecured debt  |                             |                      |
| 9                                 | <b>Secured wholesale funding</b>  | 9,528                       | -                    |
| 10                                | <b>Additional requirements, of which:</b>   |                             |                      |
| 11                                | Outflows related to derivative exposures and other collateral requirements              | -                           | -                    |
| 12                                | Outflows related to loss of funding on debt products                                    | -                           | -                    |
| 13                                | Credit and liquidity facilities   | -                           | -                    |
| 14                                | <b>Other contractual funding obligations</b>  | 730,907                     | 42,644               |
| 15                                | <b>Other contingent funding obligations</b>   | 585,159                     | 28,585               |
| 16                                | <b>TOTAL CASH OUTFLOWS</b>  | <b>11,303,983</b>           | <b>2,276,228</b>     |
| <b>Cash inflows</b>               |   |                             |                      |
| 17                                | <b>Secured lending (e.g. reverse repos)</b>   | 15,290                      | -                    |
| 18                                | <b>Inflows from fully performing exposures</b>  | 652,910                     | 565,071              |
| 19                                | Other cash inflows  | 72,631                      | 72,631               |
| 20                                | <b>TOTAL CASH INFLOWS</b>   | <b>740,831</b>              | <b>637,702</b>       |
|                                   |   | <b>Total adjusted value</b> |                      |
| 21                                | <b>Total HQLA</b>   |                             | <b>5,204,112</b>     |
| 22                                | <b>Total net cash outflows</b>  |                             | <b>1,638,526</b>     |
| 23                                | <b>Liquidity Coverage Ratio (%)</b>   |                             | <b>318</b>           |

To manage liquidity risk, the Group performs, among others, the following:

- Contractual maturity mismatch analysis
- Monitoring maintenance of high quality liquid assets in excess of statutory requirements
- Monitoring diversification of the funding base

Diversification of funding is monitored with respect to term, product and counterparty to ensure a varied overall funding mix.

A liquidity buffer is maintained in the form of unencumbered cash, government securities (typically eligible for repurchase with the central bank), and near cash well in excess of the regulatory requirements.

The Group manages funding requirements by assessing the liquidity impact under normal (business as usual) and stressed scenarios.

The Group maintains contingency funding plans which detail the course of actions that can be taken in the event of a liquidity stress including processes to be followed in the event of a stress situation.

# Liquidity

## Template LIQ2: Net Stable Funding Ratio (NSFR) - Grindrod Bank Limited

|  |   | Dec-23                                |            |                      |           |            |
|--|---|---------------------------------------|------------|----------------------|-----------|------------|
|  |   | a                                     | b          | c                    | d         | e          |
|  |   | Unweighted value by residual maturity |            |                      |           | Weighted   |
|  |   | No maturity                           | < 6 months | 6 months to < 1 year | ≥ 1 year  | value      |
|  |   | R'000                                 | R'000      | R'000                | R'000     | R'000      |
| <b>Available stable funding (ASF) item</b> |   |                                       |            |                      |           |            |
| 1  | Capital:  |                                       |            |                      |           |            |
| 2  | Regulatory capital  |                                       |            |                      | 1,927,365 | 1,927,365  |
| 3  | Other capital instruments   |                                       |            |                      | 67,279    | 67,279     |
| 4  | Retail deposits and deposits from small business customers:   |                                       |            |                      |           |            |
| 5  | Stable deposits   |                                       | -          | -                    | -         | -          |
| 6  | Less stable deposits  |                                       | 8,055,221  | 59,153               | 23,841    | 7,326,778  |
| 7  | Wholesale funding:  |                                       |            |                      |           |            |
| 8  | Operational deposits  |                                       | -          | -                    | -         | -          |
| 9  | Other wholesale funding   |                                       | 5,503,332  | 30,443               | 22,574    | 2,277,641  |
| 10   | Liabilities with matching interdependent assets   |                                       |            |                      |           |            |
| 11   | Other liabilities:  |                                       |            |                      |           |            |
| 12   | NSFR derivative liabilities   |                                       |            |                      | 855       |            |
| 13   | All other liabilities and equity not included in the above categories   |                                       | 102,637    | 2,298                | 1,577     | 2,726      |
| 14   | <b>Total ASF</b>  |                                       |            |                      |           | 11,601,789 |
| <b>Required stable funding (RSF) item</b>  |   |                                       |            |                      |           |            |
| 15   | Total NSFR high-quality liquid assets (HQLA)  |                                       |            |                      |           | 184,574    |
| 16   | Deposits held at other financial institutions for operational purposes  |                                       |            |                      |           |            |
| 17   | Performing loans and securities:  |                                       |            |                      |           |            |
| 18   | Performing loans to financial institutions secured by Level 1 HQLA  | -                                     | -          | -                    | -         | -          |
| 19   | Performing loans to financial institutions secured by non-Level 1 HQLA and unsecured performing loans to financial institutions                               | -                                     | 615,981    | -                    | -         | 92,397     |
| 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: | -                                     | 2,194,211  | 824,318              | 7,877,519 | 7,794,989  |
| 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  |                                       |            | 4,130                | 22,686    | 16,811     |
| 24   | Securities that are not in default and do not qualify as HQLA, including exchange-traded equities   |                                       | 0          |                      |           | 0          |
| 25   | Assets with matching interdependent liabilities   |                                       |            |                      |           |            |
| 26   | Other assets:   |                                       |            |                      |           |            |
| 27   | Physical traded commodities, including gold   |                                       |            |                      |           |            |
| 28   | Assets posted as initial margin for derivative contracts and contributions to default funds of central counterparties   |                                       |            |                      | -         | -          |
| 29   | NSFR derivative assets  |                                       |            |                      | 1,324     | 1,324      |
| 30   | NSFR derivative liabilities before deduction of variation margin posted   |                                       |            |                      | -         | -          |
| 31   | All other assets not included in the above categories   |                                       |            |                      | 195,238   | 195,238    |
| 32   | Off-balance sheet items   |                                       |            |                      | 1,594,366 | 79,735     |
| 33   | <b>Total RSF</b>  |                                       |            |                      |           | 8,365,068  |
| 34   | <b>Net Stable Funding Ratio (%)</b>   |                                       |            |                      |           | 138.69     |