



GRINDROD BANK LIMITED

PUBLIC DISCLOSURE REQUIREMENTS IN TERMS OF REGULATION 43  
30 June 2018



**GRINDROD BANK LIMITED**  
**QUARTERLY PUBLIC DISCLOSURE REQUIREMENTS IN TERMS OF REGULATION 43**  
**30 June 2018**

	<b>Grindrod Bank Limited R'000</b>	
<b>(A) Common Equity Tier 1 capital and reserve funds</b>	1,003,940	
Additional Tier 1 capital and reserve funds	285,000	
<b>Tier 1 capital and reserve funds</b>	<b>1,288,940</b>	(a)
<b>Tier 1 Capital Adequacy Ratio</b>	% 13.59	(a) / ((c)/(b))
<b>Tier 1 Capital - Minimum Required Ratio</b>	% 9.81	
<b>(B) Total qualifying capital and reserve funds</b>	<b>1,322,821</b>	(d)
<b>Total Capital Adequacy Ratio</b>	% 13.95	(d) / ((c)/(b))
<b>Total Capital - Minimum Required Ratio</b>	% 12.38	(b)
<b>(C) Components of Capital</b>		
<b>Capital and reserve funds</b>		
Ordinary share capital and premium	248,579	<i>Common Equity Tier 1 capital</i>
Preference share capital	285,000	<i>Additional Tier 1 capital</i>
Retained earnings (appropriated)	755,361	<i>Common Equity Tier 1 capital</i>
Retained earnings (unappropriated)	10,567	
<b>Total Equity</b>	<b>1,299,507</b>	
Less: Retained earnings (unappropriated)	-10,567	
Prescribed deductions against capital and reserve funds	-	
<b>Total qualifying tier 1 capital and reserve funds</b>	<b>1,288,940</b>	
<b>Tier 2 capital and unimpaired reserve funds</b>		
General allowance for credit impairment	33,881	<i>Tier 2 capital</i>
<b>Total qualifying capital and reserve funds</b>	<b>1,322,821</b>	
<b>(D) Total required amount of capital and reserve funds</b>	<b>1,173,727</b>	(c)
<i>(risk weighted assets (RWA) * total capital minimum required ratio (b))</i>		
Credit and counterparty credit risk	1,022,689	<i>Standardised approach</i>
<i>(including large exposure concentration risk requirement)</i>		
Operational	96,483	<i>Basic indicator approach</i>
Market	-	
Equity	-	<i>Standardised approach</i>
Other	54,554	
<b>Surplus qualifying capital and reserve funds</b>	<b>149,094</b>	
<b>Qualifying vs required capital and reserve funds</b>	<b>1.13</b>	
<b>(E) Countercyclical buffer requirement</b>	-	
<b>(F) Risk exposure or other capital related items that are subject to rapid or material change</b>		
No specific risk items that are subject to rapid or material change have been identified at this stage.		
The level of retail deposits fluctuates significantly depending on the timing of the retail pay cycle.		
The corresponding assets are either in the interbank market or in the SARB settlement account.		
From a capital perspective the assets are measured on average balances limiting volatility in capital adequacy.		



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	<b>Grindrod Bank Limited R'000</b>
<b>Leverage</b>	
Total exposures for the calculation of the leverage ratio	19,665,814 (e)
Total qualifying tier 1 capital and reserve funds	1,288,940 (a)
Leverage ratio at reporting date	% 6.55 (a) / (e)
Specified minimum leverage ratio	% 4.00
Maximum leveraged exposure	32,223,500 (a) / 4%

**Material differences between the bank's total balance sheet assets, as reported in the Bank's financial statements (AFS), and the bank's on-balance sheet exposure measure.**

The following are reported net in the AFS but split into an asset and a liability for regulatory reporting:

Deferred taxation

Derivatives

Portfolio credit impairments (deducted from advances in AFS but added back to exposure measure)

**Key drivers of material changes**

The level of retail deposits fluctuates significantly during a month, due to the timing of the retail pay cycle, impacting corresponding assets (interbank / SARB settlement account) and the leverage ratio denominator. The latter fluctuations are unlikely to result in a regulatory leverage ratio breach as the balance sheet size is significantly lower than the maximum leveraged exposure level possible based on current capital.

**Additional disclosure**

Additional disclosure can be found in the annual financial statements on the Bank's website, <https://www.grindrodbank.co.za>, under library.



**GRINDROD BANK LIMITED**  
**OVERVIEW OF RISK MANAGEMENT, KEY PRUDENTIAL METRICS AND RWA**

Template KM1: Key metrics

30 June 2018

		a	b	c	d	e	F
		T	T-1	T-2	T-3	T-4	T-5
		Jun-18	Mar-18	Dec-17	Sep-17	Jun-17	Mar-17
<b>Available capital (amounts)</b>							
1	Common Equity Tier 1 (CET1)	1,003,940	948,930	913,930	893,934	843,935	793,926
1a	Fully loaded ECL accounting model	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
2	Tier 1	1,288,940	1,233,930	1,198,930	1,128,934	1,078,935	1,028,926
2a	Fully loaded accounting model Tier 1	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
3	Total capital	1,322,821	1,264,470	1,229,470	1,158,806	1,108,807	1,056,623
3a	Fully loaded ECL accounting model total capital	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
<b>Risk-weighted assets (amounts)</b>							
4	Total risk-weighted assets (RWA)	9,484,661	9,171,122	8,945,726	8,528,832	7,939,533	7,711,844
<b>Risk-based capital ratios as a percentage of RWA</b>							
5	Common Equity Tier 1 ratio (%)	10.58	10.35	10.22	10.48	10.63	10.29
5a	Fully loaded ECL accounting model CET1 (%)	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
6	Tier 1 ratio (%)	13.59	13.45	13.40	13.24	13.59	13.34
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
7	Total capital ratio (%)	13.95	13.79	13.74	13.59	13.97	13.70
7a	Fully loaded ECL accounting model total capital ratio (%)	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
<b>Additional CET1 buffer requirements as a percentage of RWA</b>							
8	Capital conservation buffer requirement (2.5% from 2019) (%)	1.88	1.88	1.25	1.25	1.25	1.25
9	Countercyclical buffer requirement (%)	-	-	-	-	-	-
10	Bank D-SIB additional requirements (%)	-	-	-	-	-	-
11	Total of bank CET1 specific buffer requirements (%) (row 8 + row 9+ row 10)	1.88	1.88	1.25	1.25	1.25	1.25
12	CET1 available after meeting the bank's minimum capital requirements (%)	3.60	3.28	2.94	3.63	3.54	3.14
<b>Basel III Leverage Ratio</b>							
13	Total Basel III leverage ratio measure	19,665,814	18,480,264				
14	Basel III leverage ratio (%) (row 2/row 13)	6.55	6.68				
14a	Fully loaded ECL accounting model Basel III leverage ratio (%) (row 2A/row 13)	<i>The Bank has not applied a transitional arrangement for expected credit loss</i>					
<b>Liquidity Coverage Ratio</b>							
15	Total HQLA	1,512,677	1,457,331				
16	Total net cash outflow	409,679	363,778				
17	LCR ratio (%)	369	401				
<b>Net Stable Funding Ratio</b>							
18	Total available stable funding	10,863,397	10,265,832				
19	Total required stable funding	6,436,641	6,500,920				
20	NSFR ratio (%)	169	158				
Liquidity Coverage Ratio (LCR) data points used for the reporting quarter		91	90				

Note: There is no material variance between Bank and Consolidated Bank Holding Company.

Liquidity Coverage Ratio (LCR) is derived from a simple average of daily observations/data points for the reporting quarter

All other data is at the quarter end reporting date

## COMPOSITION OF CAPITAL DISCLOSURE TEMPLATE

ANNEXURE A

Name of bank/ controlling company .....

GRINDROD BANK LIMITED

Six months\* ended.....

30/06/2018

## Disclosure template relating to all relevant required reporting periods from 1 January 2018 onwards

## Common Equity Tier 1 capital: instruments and reserves

1	Directly issued qualifying common equity or share capital plus related stock surplus	248,579
2	Retained earnings	755,361
3	Accumulated other comprehensive income, and other reserve funds	-
4	Directly issued capital subject to phase out from CET11 (only applicable to non-joint stock companies)	-
5	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	-
6	<b>Common Equity Tier 1 capital before regulatory adjustments</b> (total of items 1 to 5)	<b>1,003,940</b>

## Common Equity Tier 1 capital: regulatory adjustments

7	Prudential valuation adjustments	-
8	Goodwill, net of related tax liability	-
9	Other intangibles other than goodwill or mortgage-servicing rights, net of related tax liability	-
10	Deferred tax assets that rely on future profitability, excluding those arising from temporary differences, net of related tax liability	-
11	Cash-flow hedge reserve	-
12	Shortfall of provisions to expected losses	-
13	Securitisation gain on sale (as set out in <u>regulation 38 (5) (a) (i) (f)</u> of these Regulations)	-
14	Gains and losses due to changes in own credit risk on fair valued liabilities	-
15	Defined-benefit pension fund net assets	-
16	Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-
17	Reciprocal cross-holdings in common equity	-
18	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10 per cent of the issued share capital (amount above 10 per cent threshold)	-
19	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10 per cent threshold)	-
20	Mortgage servicing rights (amount above 10 per cent threshold)	-
21	Deferred tax assets arising from temporary differences (amount above 10 per cent threshold, net of related tax liability)	-
22	Amount exceeding the 15 per cent threshold	-
	<i>of which:</i>	
23	significant investments in the common stock of financials	-
24	mortgage servicing rights	-
25	deferred tax assets arising from temporary differences	-
26	Other regulatory adjustments specified in writing by the Registrar (Please disclose the relevant details of each relevant adjustment)	-
27	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-
28	<b>Total regulatory adjustments to Common equity Tier 1</b> (total of items 7 to 22, and 26 to 27)	-
29	<b>Common Equity Tier 1 capital (CET1)</b> (item 6 less item 28)	<b>1,003,940</b>

## Additional Tier 1 capital: instruments

30	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	285,000
	<i>of which:</i>	
31	classified as equity under relevant Financial Reporting Standards	285,000
32	classified as liabilities under relevant Financial Reporting Standards	-
33	Directly issued capital instruments subject to phase out from Additional Tier 11	-
34	Additional Tier 1 instruments (and CET1 instruments not included in item 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	-
	<i>of which:</i>	
35	instruments issued by subsidiaries subject to phase out1	-
36	<b>Additional Tier 1 capital before regulatory adjustments</b> (total of items 30, 33 and 34)	<b>285,000</b>

## Additional Tier 1 capital: regulatory adjustments

37	Investments in own Additional Tier 1 instruments	-
38	Reciprocal cross-holdings in Additional Tier 1 instruments	-
39	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10 per cent of the issued common share capital of the entity (amount above 10 per cent threshold)	-
40	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-
41	Other regulatory adjustments specified in writing by the Registrar (Please disclose the relevant details of each relevant adjustment separately)	-
42	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-
43	<b>Total regulatory adjustments to Additional Tier 1 capital</b> (total of items 37 to 42)	-
44	<b>Additional Tier 1 capital (AT1)</b> (item 36 less item 43)	<b>285,000</b>
45	<b>Tier 1 capital (T1 = CET1 + AT1)</b> (item 29 plus item 44)	<b>1,288,940</b>

<b>Tier 2 capital: instruments and provisions</b>		
46	Directly issued qualifying Tier 2 instruments plus related stock surplus	-
47	Directly issued capital instruments subject to phase out from Tier 21	-
48	Tier 2 instruments (and CET1 and AT1 instruments not included in item 5 or item 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	-
	<i>of which:</i>	
49	instruments issued by subsidiaries subject to phase out1	-
50	Provisions	33,881
51	<b>Tier 2 capital before regulatory adjustments</b> (total of items 46 to 48, plus item 50)	<b>33,881</b>
<b>Tier 2 capital: regulatory adjustments</b>		
52	Investments in own Tier 2 instruments	-
53	Reciprocal cross-holdings in Tier 2 instruments	-
54	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10 per cent of the issued common share capital of the entity (amount above the 10 per cent threshold)	-
55	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions	-
56	Other regulatory adjustments specified in writing by the Registrar (Please disclose the relevant details of each relevant adjustment separately)	-
57	<b>Total regulatory adjustments to Tier 2 capital</b> (total of items 52 to 56)	-
58	<b>Tier 2 capital (T2)</b> (item 51 less item 57)	<b>33,881</b>
59	<b>Total capital (TC = T1 + T2)</b> (item 45 plus item 58)	<b>1,322,821</b>
60	<b>Total risk weighted exposure</b>	<b>9,484,661</b>
<b>Capital ratios and buffers</b>		
61	Common Equity Tier 1 (as a percentage of risk weighted exposure) (item 29 divided by item 60, expressed as a percentage)	10.58
62	Tier 1 (as a percentage of risk weighted exposure) (item 45 divided by item 60, expressed as a percentage)	13.59
63	Total capital (as a percentage of risk weighted exposure) (item 59 divided by item 60, expressed as a percentage)	13.95
64	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus G-SIB buffer requirement, expressed as a percentage of risk weighted exposure)	7.38
	<i>of which:</i>	
65	capital conservation buffer requirement	1.88
66	bank specific countercyclical buffer requirement	-
67	G-SIB buffer requirement	-
68	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted exposure)	10.58
<b>National minima (if different from Basel III requirement)</b>		
69	National Common Equity Tier 1 minimum ratio (if different from Basel III minimum requirement)	5.50
70	National Tier 1 minimum ratio (if different from Basel III minimum requirement)	7.00
71	National total capital minimum ratio (if different from Basel III minimum requirement)	9.25
<b>Amounts below the thresholds for deduction (before risk weighting)</b>		
72	Non-significant investments in the capital of other financials	n/a
73	Significant investments in the common stock of financials	n/a
74	Mortgage servicing rights, net of related tax liability	n/a
75	Deferred tax assets arising from temporary differences, net of related tax liability	36,623
<b>Applicable caps on the inclusion of provisions or credit impairments in Tier 2</b>		
76	Provisions or credit impairments eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	n/a
77	Cap on inclusion of provisions or credit impairments in Tier 2 under standardised approach	n/a
78	Provisions or credit impairments eligible for inclusion in Tier 2 in respect of exposures subject to internal ratings-based approach (prior to application of cap)	n/a
79	Cap for inclusion of provisions or credit impairments in Tier 2 under internal ratings-based approach	n/a
<b>Capital instruments subject to phase-out arrangements<sup>2</sup></b>		
80	Current cap on CET1 instruments subject to phase out arrangements	n/a
81	Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)	n/a
82	Current cap on AT1 instruments subject to phase out arrangements	n/a
83	Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)	n/a
84	Current cap on T2 instruments subject to phase out arrangements	n/a
85	Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)	n/a

**GRINDROD BANK LIMITED**  
**LEVERAGE RATIO**  
**Annexure A**

**30 June 2018**

**Summary comparison of accounting assets vs leverage ratio exposure measure**

**Table 1**

	<b>Item</b>	<b>R'000</b>
1	Total consolidated assets as per published financial statements	19,439,532
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	11,670
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)	144,088
7	Other adjustments	70,523
<b>8</b>	<b>Leverage ratio exposure</b>	<b>19,665,814</b>

Leverage ratio common disclosure template at quarter end

Table 2

	Item	Leverage ratio framework	Leverage ratio framework
		Jun-18	Mar-18
		a	b
		T	T-1
On-balance sheet exposures			
1	On-balance sheet items (excluding derivatives and SFTs, but including collateral)	19,510,056	18,325,297
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	<b>Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of lines 1 and 2)</b>	<b>19,510,056</b>	<b>18,325,297</b>
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (ie net of eligible cash variation margin)	3,973	23
5	Add-on amounts for PFE associated with <i>all</i> derivatives transactions	7,697	7,244
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 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 lines 4 to 10)</b>	<b>11,670</b>	<b>7,267</b>
Securities financing transaction exposures			
12	Gross SFT <i>assets</i> (with no recognition of netting), after adjusting for sales accounting transactions	-	-
13	(Netted amounts of cash payables and cash receivables of gross SFT assets)	-	-
14	CCR exposure for SFT assets	-	-
15	Agent transaction exposures	-	-
16	<b>Total securities financing transaction exposures (sum of lines 12 to 15)</b>	<b>-</b>	<b>-</b>
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	596,593	713,722
18	(Adjustments for conversion to credit equivalent amounts)	-452,505	-566,022
19	<b>Off-balance sheet items (sum of lines 17 and 18)</b>	<b>144,088</b>	<b>147,700</b>
Capital and total exposures			
20	<b>Tier 1 capital</b>	<b>1,288,940</b>	<b>1,233,930</b>
21	<b>Total exposures (sum of lines 3, 11, 16 and 19)</b>	<b>19,665,814</b>	<b>18,480,264</b>
Leverage ratio			
22	<b>Basel III leverage ratio</b>	<b>6.55%</b>	<b>6.68%</b>



**GRINDROD BANK LIMITED**  
**THE LIQUIDITY COVERAGE RATIO (LCR)**

Quarter end 30/06/2018

LCR <i>(In local currency)</i>	Total unweighted value1 (average) 6	Total weighted value2; 3 (average) 6
<b>HIGH-QUALITY LIQUID ASSETS</b>		
1 Total high-quality liquid assets (HQLA)	1,512,677	1,512,677
<b>CASH OUTFLOWS:</b>		
<b>2 Retail deposits and deposits from small business customers of which:</b>		
3 <i>Stable deposits</i>	-	-
4 <i>Less stable deposits</i>	2,431,004	243,100
<b>5 Unsecured wholesale funding of which:</b>		
6 <i>Operational deposits (all counterparties) and deposits in networks of cooperative</i>	-	-
7 <i>Non-operational deposits (all counterparties)</i>	4,574,502	1,297,865
8 <i>Unsecured debt</i>		
<b>9 Secured wholesale funding</b>	-	-
<b>10 Additional requirements of which:</b>		
11 <i>Outflows related to derivative exposures and other collateral requirements</i>	-	-
12 <i>Outflows related to loss of funding on debt products</i>	-	-
13 <i>Credit and liquidity facilities</i>	-	-
<b>14 Other contractual funding obligations</b>	214,070	19,666
<b>15 Other contingent funding obligations</b>	429,721	78,086
<b>16 TOTAL CASH OUTFLOWS</b>	<b>7,649,297</b>	<b>1,638,717</b>
<b>CASH INFLOWS:</b>		
17 Secured lending (eg reverse repos)	-	-
18 Inflows from fully performing exposures	5,200,202	4,448,983
19 Other cash inflows	-	-
<b>20 TOTAL CASH INFLOWS</b>	<b>5,200,202</b>	<b>4,448,983</b>
		<b>Total adjusted value4; 5</b>
<b>21 TOTAL HQLA 4</b>		1,512,677
<b>22 TOTAL NET CASH OUTFLOWS 5</b>		409,679
<b>23 LIQUIDITY COVERAGE RATIO (%)</b>		369

Liquidity Coverage Ratio (LCR) data points used for the reporting quarter	91
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*Note: Liquidity Coverage Ratio (LCR) is derived from a simple average of daily observations/data points for the reporting quarter*