



GRINDROD FINANCIAL HOLDINGS LIMITED
BASEL PILLAR III DISCLOSURE REPORT
30 September 2021



Grindrod Financial Holdings Limited

Template Reference:

		Annual Financial Statements	Integrated Report
		Dec-20	Dec-20
	Template	Page Reference	Page Reference
1	OVA - Bank Risk Management Approach	64 - 71	15 - 17, 49 - 79
2	LIQA - Liquidity Risk Management	64 - 71	27 - 28, 39, 49 - 79
3	CRA - General information about credit risk	64 - 71	29 -32, 37, 49 - 79
4	CRB - Credit quality of assets	28 - 33, 40, 41, 42 - 46, 55	
5	CRC - Credit risk mitigation techniques	28 - 33, 64	
6	CRD - Use of external credit ratings under the standardised approach	28 -33	
7	CCRA - Qualitative disclosures related to CCR	64	54
8	REMA - Remuneration Policy		8, 41 -45, 53, 75, 80, 81
9	REM1 - Remuneration awarded during the financial year	56 - 58	
10	REM2 - Special Payments	52, 56 - 58, 71 - 73	

Capital management

Template KM1: Key metrics - Grindrod Bank Limited

		a	b	c	d	e
		Sep-21	Jun-21	Mar-21	Dec-20	Sep-20
		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)	1,283,869	1,283,865	1,243,914	1,243,933	1,254,041
1a	Fully loaded ECL accounting model CET1	1,283,869	1,283,865	1,243,914	1,243,933	1,254,041
2	Tier 1	1,568,869	1,568,865	1,528,914	1,528,933	1,539,041
2a	Fully loaded ECL accounting model Tier 1	1,568,869	1,568,865	1,528,914	1,528,933	1,539,041
3	Total capital	1,608,346	1,608,342	1,564,718	1,564,738	1,562,990
3a	Fully loaded ECL accounting model total capital	1,608,346	1,608,342	1,564,718	1,564,738	1,562,990
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	10,727,924	10,817,341	10,704,756	10,674,397	10,936,358
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	11.97%	11.87%	11.62%	11.65%	11.47%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	11.97%	11.87%	11.62%	11.65%	11.47%
6	Tier 1 ratio (%)	14.62%	14.50%	14.28%	14.32%	14.07%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.62%	14.50%	14.28%	14.32%	14.07%
7	Total capital ratio (%)	14.99%	14.87%	14.62%	14.66%	14.29%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.99%	14.87%	14.62%	14.66%	14.29%
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 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 (%) (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 (%)	4.97%	4.87%	4.62%	4.65%	4.47%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	15,227,227	14,666,173	13,033,295	12,542,549	13,164,521
14	Basel III leverage ratio (%) (row 2 / row 13)	10.30%	10.70%	11.73%	12.19%	11.69%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	10.30%	10.70%	11.73%	12.19%	11.69%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	4,635,280	3,961,428	2,547,140	2,056,973	1,101,321
16	Total net cash outflow	976,223	758,963	460,982	454,060	471,206
17	LCR (%)	475%	522%	553%	453%	234%
Net Stable Funding Ratio						
18	Total available stable funding	10,828,027	10,436,993	9,313,232	8,882,417	9,236,959
19	Total required stable funding	7,225,236	7,153,331	7,196,560	6,891,502	6,946,924
20	NSFR	150%	146%	129%	129%	133%

Capital management

Template KM1: Key metrics at consolidated level - Grindrod Financial Holdings Limited

		a	b	c	d	e
		Sep-21	Jun-21	Mar-21	Dec-20	Sep-20
		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)	1,283,865	1,283,866	1,243,913	1,243,934	1,254,044
1a	Fully loaded ECL accounting model CET1	1,283,865	1,283,866	1,243,913	1,243,934	1,254,044
2	Tier 1	1,568,865	1,568,866	1,528,913	1,528,934	1,539,044
2a	Fully loaded ECL accounting model Tier 1	1,568,865	1,568,866	1,528,913	1,528,934	1,539,044
3	Total capital	1,608,342	1,608,343	1,564,718	1,564,738	1,562,993
3a	Fully loaded ECL accounting model total capital	1,608,342	1,608,343	1,564,718	1,564,738	1,562,993
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	10,727,924	10,817,341	10,704,756	10,674,397	10,936,358
Risk-based capital ratios as a percentage of RWA						
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5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	11.97%	11.87%	11.62%	11.65%	11.47%
6	Tier 1 ratio (%)	14.62%	14.50%	14.28%	14.32%	14.07%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	14.62%	14.50%	14.28%	14.32%	14.07%
7	Total capital ratio (%)	14.99%	14.87%	14.62%	14.66%	14.29%
7a	Fully loaded ECL accounting model total capital ratio (%)	14.99%	14.87%	14.62%	14.66%	14.29%
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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 (%) (row 8 + row 9 + row 10)	2.50%	2.50%	2.50%	2.50%	2.50%
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14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	10.30%	10.70%	11.73%	12.19%	11.69%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	-	-	-	-	-
16	Total net cash outflow	-	-	-	-	-
17	LCR (%)	0%	0%	0%	0%	0%
Net Stable Funding Ratio						
18	Total available stable funding	-	-	-	-	-
19	Total required stable funding	-	-	-	-	-
20	NSFR	0%	0%	0%	0%	0%

Capital management

Template OV1: Overview of RWA - Grindrod Bank Limited

		a	b	c
		RWA		Minimum capital requirements
		Sep-21	Jun-21	Sep-21
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	7,611,892	7,911,356	799,249
2	Of which: standardised approach	7,611,892	7,911,356	799,249
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)	6,669	8,765	700
7	Of which: standardised approach for counterparty credit risk	6,669	8,765	700
8	Of which: Internal Model Method (IMM)	-	-	0
9	Of which: other CCR	-	-	0
10	Credit valuation adjustment (CVA)	11,267	15,770	1,183
11	Equity positions under the simple risk weight approach and the internal model method	2,026,431	1,809,203	212,775
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	-	-	-
21	Of which: standardised approach	-	-	-
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	864,154	864,154	90,736
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	207,510	208,093	21,789
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	10,727,924	10,817,341	1,126,432

Capital management

Template OV1: Overview of RWA - Grindrod Financial Holdings Limited

		a	b	c
		RWA		Minimum capital requirements
		Sep-21	Jun-21	Sep-21
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	7,611,892	7,911,356	799,249
2	Of which: standardised approach	7,611,892	7,911,356	799,249
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)	6,669	8,765	700
7	Of which: standardised approach for counterparty credit risk	6,669	8,765	700
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	11,267	15,770	1,183
11	Equity positions under the simple risk weight approach and the internal model method	2,026,431	1,809,203	212,775
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			
21	Of which: standardised approach			
22	Of which: internal models approach (IMA)			
23	Operational risk	864,154	864,154	90,736
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	-	-
25	Floor adjustment	207,510	208,093	21,789
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	10,727,924	10,817,341	1,126,432

Leverage ratio

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

		Sep-21
		R'000
1	Total consolidated assets as per published financial statements	14,584,682
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	4,764
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)	637,781
7	Other adjustments	-
8	Leverage ratio exposure measure	15,227,227

Leverage ratio

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

		Sep-21
		R'000
1	Total consolidated assets as per published financial statements	14,584,682
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	4,764
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)	637,781
7	Other adjustments	-
8	Leverage ratio exposure measure	15,227,227

Leverage ratio

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

		Sep-21	Jun-21
		T	T-1
		R'000	R'000
		Quarter-end	Quarter-end
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,584,682	13,939,027
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	14,584,682	13,939,027
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	2,038	3,347
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	2,726	2,914
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	Total derivative exposures (sum of rows 4 to 10)	4,764	6,261
Securities financing transaction exposures			
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	Total securities financing transaction exposures (sum of rows 12 to 15)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	1,161,716	1,182,776
18	(Adjustments for conversion to credit equivalent amounts)	- 523,935	- 461,890
19	Off-balance sheet items (sum of rows 17 and 18)	637,781	720,886
Capital and total exposures			
20	Tier 1 capital	1,568,869	1,568,865
21	Total exposures (sum of rows 3, 11, 16 and 19)	15,227,227	14,666,173
Leverage ratio			
22	Basel III leverage ratio	10.30%	10.70%

Leverage ratio

Template LR2: Leverage ratio common disclosure template - Grindrod Financial Holdings Limited

		Sep-21	Jun-21
		T	T-1
		R'000	R'000
		Quarter-end	Quarter-end
On-balance sheet exposures			
1	On-balance sheet exposures (excluding derivatives and securities financing transactions (SFTs), but including collateral)	14,584,682	13,939,027
2	(Asset amounts deducted in determining Basel III Tier 1 capital)	-	-
3	Total on-balance sheet exposures (excluding derivatives and SFTs) (sum of rows 1 and 2)	14,584,682	13,939,027
Derivative exposures			
4	Replacement cost associated with <i>all</i> derivatives transactions (where applicable net of eligible cash variation margin and/or with bilateral netting)	2,038	3,347
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	2,726	2,914
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	Total derivative exposures (sum of rows 4 to 10)	4,764	6,261
Securities financing transaction exposures			
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	Total securities financing transaction exposures (sum of rows 12 to 15)	-	-
Other off-balance sheet exposures			
17	Off-balance sheet exposure at gross notional amount	1,161,716	1,182,776
18	(Adjustments for conversion to credit equivalent amounts)	- 523,935	- 461,890
19	Off-balance sheet items (sum of rows 17 and 18)	637,781	720,886
Capital and total exposures			
20	Tier 1 capital	1,568,865	1,568,866
21	Total exposures (sum of rows 3, 11, 16 and 19)	15,227,227	14,666,173
Leverage ratio			
22	Basel III leverage ratio	10.30%	10.70%

Liquidity

Template LIQ1: Liquidity Coverage Ratio (LCR)

		Sep-21	
		a	b
		Total unweighted value	Total weighted value
		(average)	(average)
		R'000	R'000
High-quality liquid assets			
1	Total HQLA	4,235,790	4,235,790
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	-	-
4	Less stable deposits	1,498,256	149,826
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	6,839,915	1,869,050
8	Unsecured debt		
9	Secured wholesale funding	72,332	-
10	Additional requirements, of which:		
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	Other contractual funding obligations	451,679	31,944
15	Other contingent funding obligations	133,043	5,963
16	TOTAL CASH OUTFLOWS	8,995,225	2,056,783
Cash inflows			
17	Secured lending (eg reverse repos)	62,333	-
18	Inflows from fully performing exposures	2,096,589	1,577,615
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	2,158,922	1,577,615
		Total adjusted value	
21	Total HQLA		4,235,790
22	Total net cash outflows		514,196
23	Liquidity Coverage Ratio (%)		824

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 which details processes to be followed in the event of a stress situation.

Liquidity

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

		Sep-21				
		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
Available stable funding (ASF) item						
1	Capital:					
2	Regulatory capital				1,625,502	1,625,502
3	Other capital instruments				71,408	71,408
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		-	-	-	-
6	Less stable deposits		5,401,462	128,391	931,011	5,907,879
7	Wholesale funding:					
8	Operational deposits		-	-	-	-
9	Other wholesale funding		5,139,517	317,489	903,891	3,221,406
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities				1,303	
13	All other liabilities and equity not included in the above categories		68,502	615	1,525	1,832
14	Total ASF					10,828,027
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					226,472
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	-	562,035	-	-	84,305
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:	-	2,290,583	570,734	6,431,091	6,707,504
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			15,657	15,101	17,644
24	Securities that are not in default and do not qualify as HQLA, including exchange-traded equities		-			-
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				-	-
30	NSFR derivative liabilities before deduction of variation margin posted				-	-
31	All other assets not included in the above categories				145,839	145,839
32	Off-balance sheet items				869,456	43,473
33	Total RSF					7,225,236
34	Net Stable Funding Ratio (%)					149.86