



GRINDROD FINANCIAL HOLDINGS LIMITED
BASEL PILLAR III DISCLOSURE REPORT
31 March 2020

Capital management

Template KM1: Key metrics - Grindrod Bank Limited

		a	b	c	d	e
		Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
		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)	1 217 877	1 217 877	1 224 798	1 224 797	1 104 799
1a	Fully loaded ECL accounting model CET1	1 217 877	1 217 877	1 224 798	1 224 797	1 104 799
2	Tier 1	1 502 877	1 502 877	1 509 798	1 509 797	1 389 799
2a	Fully loaded ECL accounting model Tier 1	1 502 877	1 502 877	1 509 798	1 509 797	1 389 799
3	Total capital	1 525 006	1 525 006	1 539 439	1 539 438	1 419 440
3a	Fully loaded ECL accounting model total capital	1 525 006	1 525 006	1 539 439	1 539 438	1 419 440
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	9 787 049	9 457 107	10 253 170	9 849 410	9 692 058
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	12,44%	12,88%	11,95%	12,44%	11,40%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	12,44%	12,88%	11,95%	12,44%	11,40%
6	Tier 1 ratio (%)	15,36%	15,89%	14,73%	15,33%	14,34%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15,36%	15,89%	14,73%	15,33%	14,34%
7	Total capital ratio (%)	15,58%	16,13%	15,01%	15,63%	14,65%
7a	Fully loaded ECL accounting model total capital ratio (%)	15,58%	16,13%	15,01%	15,63%	14,65%
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 (%)	4,94%	5,38%	4,45%	4,94%	3,90%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	13 381 397	14 175 828	13 648 295	12 951 823	12 358 217
14	Basel III leverage ratio (%) (row 2 / row 13)	11,23%	10,60%	11,06%	11,66%	11,25%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	11,23%	10,60%	11,06%	11,66%	11,25%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	2 632 243	2 687 739	1 399 206	1 409 274	1 412 193
16	Total net cash outflow	468 582	553 573	561 644	496 383	471 333
17	LCR (%)	562%	486%	249%	284%	300%
Net Stable Funding Ratio						
18	Total available stable funding	9 766 893	10 060 387	9 374 039	9 117 240	8 989 766
19	Total required stable funding	6 365 684	6 269 125	6 394 687	6 229 233	6 975 658
20	NSFR	153%	160%	147%	146%	129%

Capital management

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

		a	b	c	d	e
		Mar-20	Dec-19	Sep-19	Jun-19	Mar-19
		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)	1 217 949	1 217 881	1 224 870	1 224 869	1 104 871
1a	Fully loaded ECL accounting model CET1	1 217 949	1 217 881	1 224 870	1 224 869	1 104 871
2	Tier 1	1 502 949	1 502 881	1 509 870	1 509 869	1 389 871
2a	Fully loaded ECL accounting model Tier 1	1 502 949	1 502 881	1 509 870	1 509 869	1 389 871
3	Total capital	1 525 078	1 525 010	1 539 511	1 539 510	1 419 512
3a	Fully loaded ECL accounting model total capital	1 525 078	1 525 010	1 539 511	1 539 510	1 419 512
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	16 965 165	16 437 508	10 460 883	10 104 320	9 692 398
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	7,18%	7,41%	11,71%	12,12%	11,40%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	7,18%	7,41%	11,71%	12,12%	11,40%
6	Tier 1 ratio (%)	8,86%	9,14%	14,43%	14,94%	14,34%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	8,86%	9,14%	14,43%	14,94%	14,34%
7	Total capital ratio (%)	8,99%	9,28%	14,72%	15,24%	14,65%
7a	Fully loaded ECL accounting model total capital ratio (%)	8,99%	9,28%	14,72%	15,24%	14,65%
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 (%)	-0,32%	-0,09%	4,21%	4,62%	3,90%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	15 056 197	15 914 322	13 855 827	13 417 124	12 358 221
14	Basel III leverage ratio (%) (row 2 / row 13)	9,98%	9,44%	10,90%	11,25%	11,25%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	9,98%	9,44%	10,90%	11,25%	11,25%
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
		Mar-20	Dec-19	Mar-20
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	6 832 601	6 924 338	785 749
2	Of which: standardised approach	6 832 601	6 924 338	785 749
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)	8 618	7 747	991
7	Of which: standardised approach for counterparty credit risk	8 618	7 747	991
8	Of which: Internal Model Method (IMM)	-	-	0
9	Of which: other CCR	-	-	0
10	Credit valuation adjustment (CVA)	15 301	14 483	1 760
11	Equity positions under the simple risk weight approach and the internal model method	1 841 089	1 480 395	211 725
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	893 694	887 340	102 775
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	44 918	-
25	Floor adjustment	195 746	97 886	22 511
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	9 787 049	9 457 107	1 125 511

Capital management

Template OV1: Overview of RWA - Grindrod Financial Holdings Limited

		a	b	c
		RWA		Minimum capital requirements
		Mar-20	Dec-19	Mar-20
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	6 834 226	6 924 338	785 936
2	Of which: standardised approach	6 834 226	6 924 338	785 936
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)	8 618	7 747	991
7	Of which: standardised approach for counterparty credit risk	8 618	7 747	991
8	Of which: Internal Model Method (IMM)			
9	Of which: other CCR			
10	Credit valuation adjustment (CVA)	15 301	14 483	1 760
11	Equity positions under the simple risk weight approach and the internal model method	9 001 852	8 446 578	1 035 213
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	893 694	887 340	102 775
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	-	44 918	-
25	Floor adjustment	211 474	112 104	24 320
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	16 965 165	16 437 508	1 950 994

Leverage ratio

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

		Mar-20
		R'000
1	Total consolidated assets as per published financial statements	12 870 312
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	905
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)	510 180
7	Other adjustments	-
8	Leverage ratio exposure measure	13 381 397

Leverage ratio

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

		Mar-20
		R'000
1	Total consolidated assets as per published financial statements	14 545 112
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	905
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)	510 180
7	Other adjustments	-
8	Leverage ratio exposure measure	15 056 197

Leverage ratio

Template LR2: Leverage ratio common disclosure template - Grindrod Bank

		Mar-20	Dec-19
		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)	12 870 312	13 596 086
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)	12 870 312	13 596 086
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)	905	3
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	-	7 744
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)	905	7 747
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	923 409	947 981
18	(Adjustments for conversion to credit equivalent amounts)	- 413 229	- 375 986
19	Off-balance sheet items (sum of rows 17 and 18)	510 180	571 995
Capital and total exposures			
20	Tier 1 capital	1 502 877	1 502 877
21	Total exposures (sum of rows 3, 11, 16 and 19)	13 381 397	14 175 828
Leverage ratio			
22	Basel III leverage ratio	11,23%	10,60%

Leverage ratio

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

		Mar-20	Dec-19
		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)	14 545 112	15 334 580
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)	14 545 112	15 334 580
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)	905	3
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	-	7 744
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)	905	7 747
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	923 409	947 981
18	(Adjustments for conversion to credit equivalent amounts)	- 413 229	- 375 986
19	Off-balance sheet items (sum of rows 17 and 18)	510 180	571 995
Capital and total exposures			
20	Tier 1 capital	1 502 949	1 502 881
21	Total exposures (sum of rows 3, 11, 16 and 19)	15 056 197	15 914 322
Leverage ratio			
22	Basel III leverage ratio	9,98%	9,44%

Liquidity

Template LIQ1: Liquidity Coverage Ratio (LCR)

		Mar-20	
		a	b
		Total unweighted value	Total weighted value
		(average)	(average)
		R'000	R'000
High-quality liquid assets			
1	Total HQLA		2 631 420
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	-	-
4	Less stable deposits	1 491 583	149 158
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	5 392 121	1 777 020
8	Unsecured debt		
9	Secured wholesale funding		-
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	447 048	30 115
15	Other contingent funding obligations	217 972	10 228
16	TOTAL CASH OUTFLOWS		1 966 521
Cash inflows			
17	Secured lending (eg reverse repos)	-	-
18	Inflows from fully performing exposures	2 722 352	2 464 258
19	Other cash inflows	-	-
20	TOTAL CASH INFLOWS	2 722 352	2 464 258
		Total adjusted value	
21	Total HQLA		2 631 420
22	Total net cash outflows		491 630
23	Liquidity Coverage Ratio (%)		535

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

		Mar-20				
		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				1 531 986	1 531 986
3	Other capital instruments				83 758	83 758
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		-	-	-	-
6	Less stable deposits		5 574 595	65 347	36 498	5 112 446
7	Wholesale funding:					
8	Operational deposits		-	-	-	-
9	Other wholesale funding		4 185 385	126 281	346 870	2 237 137
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities				10 650	
13	All other liabilities and equity not included in the above categories		-	-	801 566	801 566
14	Total ASF					9 766 893
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					120 718
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		2 160 293			324 044
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:		1 781 738	772 737	5 402 150	5 671 288
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		1 352	2 598	33 788	23 937
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				905	905
30	NSFR derivative liabilities before deduction of variation margin posted				-	-
31	All other assets not included in the above categories				193 017	193 017
32	Off-balance sheet items				635 503	31 775
33	Total RSF					6 365 684
34	Net Stable Funding Ratio (%)					153,43