



GRINDROD FINANCIAL HOLDINGS LIMITED
BASEL PILLAR III DISCLOSURE REPORT
30 SEPTEMBER 2022



Grindrod Financial Holdings Limited

Template Reference:

		Annual Financial Statements	Integrated Report
		Dec-21	Dec-21
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Capital management

Template KM1: Key metrics - Grindrod Bank Limited

		a	b	c	d	e
		Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
		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)	1 343 172	1 342 844	1 282 845	1 282 915	1 283 869
1a	Fully loaded ECL accounting model CET1	1 343 172	1 342 844	1 282 845	1 282 915	1 283 869
2	Tier 1	1 628 172	1 627 844	1 567 845	1 567 915	1 568 869
2a	Fully loaded ECL accounting model Tier 1	1 628 172	1 627 844	1 567 845	1 567 915	1 568 869
3	Total capital	1 673 582	1 664 254	1 607 322	1 607 392	1 608 346
3a	Fully loaded ECL accounting model total capital	1 673 582	1 664 254	1 607 322	1 607 392	1 608 346
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	9 797 917	10 247 533	10 218 174	10 264 819	10 727 924
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13,71%	13,10%	12,55%	12,50%	11,97%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	13,71%	13,10%	12,55%	12,50%	11,97%
6	Tier 1 ratio (%)	16,62%	15,89%	15,34%	15,27%	14,62%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16,62%	15,89%	15,34%	15,27%	14,62%
7	Total capital ratio (%)	17,08%	16,24%	15,73%	15,66%	14,99%
7a	Fully loaded ECL accounting model total capital ratio (%)	17,08%	16,24%	15,73%	15,66%	14,99%
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 (%)	6,21%	5,60%	5,05%	5,50%	4,97%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	15 307 058	15 266 232	15 268 629	14 271 633	15 227 227
14	Basel III leverage ratio (%) (row 2 / row 13)	10,64%	10,66%	10,27%	10,99%	10,30%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	10,64%	10,66%	10,27%	10,99%	10,30%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	5 107 787	4 786 142	4 945 090	4 222 324	4 635 280
16	Total net cash outflow	613 451	1 114 868	1 284 286	1 206 825	976 223
17	LCR (%)	833%	429%	385%	350%	475%
Net Stable Funding Ratio						
18	Total available stable funding	11 397 895	11 047 429	10 928 476	10 369 865	10 828 027
19	Total required stable funding	6 893 367	7 109 818	7 132 983	7 104 311	7 225 236
20	NSFR	165%	155%	153%	146%	150%

Capital management

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

		a	b	c	d	e
		Sep-22	Jun-22	Mar-22	Dec-21	Sep-21
		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)	1 343 173	1 342 843	1 282 844	1 282 912	1 283 865
1a	Fully loaded ECL accounting model CET1	1 343 173	1 342 843	1 282 844	1 282 912	1 283 865
2	Tier 1	1 628 173	1 627 843	1 567 844	1 567 912	1 568 865
2a	Fully loaded ECL accounting model Tier 1	1 628 173	1 627 843	1 567 844	1 567 912	1 568 865
3	Total capital	1 673 583	1 664 253	1 607 321	1 607 389	1 608 342
3a	Fully loaded ECL accounting model total capital	1 673 583	1 664 253	1 607 321	1 607 389	1 608 342
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	9 797 917	10 247 533	10 218 174	10 264 819	10 727 924
Risk-based capital ratios as a percentage of RWA						
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5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	13,71%	13,10%	12,55%	12,50%	11,97%
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6a	Fully loaded ECL accounting model Tier 1 ratio (%)	16,62%	15,89%	15,34%	15,27%	14,62%
7	Total capital ratio (%)	17,08%	16,24%	15,73%	15,66%	14,99%
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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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16	Total net cash outflow	613 451	1 114 868	1 284 286	1 206 825	976 223
17	LCR (%)	833%	429%	385%	350%	475%
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-22	Jun-22	Sep-22
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	7 087 905	7 385 636	815 109
2	Of which: standardised approach	7 087 905	7 385 636	815 109
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)	15 742	7 353	1 810
7	Of which: standardised approach for counterparty credit risk	15 742	7 353	1 810
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	17 680	9 404	2 033
11	Equity positions under the simple risk weight approach and the internal model method	1 582 582	1 759 527	181 997
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	891 384	891 384	102 509
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	131 778	131 778	15 154
25	Floor adjustment	70 847	62 451	8 147
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	9 797 917	10 247 533	1 126 760

Capital management

Template OV1: Overview of RWA - Grindrod Financial Holdings Limited

		a	b	c
		RWA		Minimum capital requirements
		Sep-22	Jun-22	Sep-22
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	7 087 905	7 385 636	815 109
2	Of which: standardised approach	7 087 905	7 385 636	815 109
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)	15 742	7 353	1 810
7	Of which: standardised approach for counterparty credit risk	15 742	7 353	1 810
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	17 680	9 404	2 033
11	Equity positions under the simple risk weight approach and the internal model method	1 582 582	1 759 527	181 997
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	891 384	891 384	102 509
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	131 778	131 778	15 154
25	Floor adjustment	70 847	62 451	8 147
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	9 797 917	10 247 533	1 126 760

Leverage ratio

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

		Sep-22
		R'000
1	Total consolidated assets as per published financial statements	14 880 824
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	11 244
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)	414 990
7	Other adjustments	-
8	Leverage ratio exposure measure	15 307 058

Leverage ratio

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

		Sep-22
		R'000
1	Total consolidated assets as per published financial statements	14 880 824
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	11 244
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)	414 990
7	Other adjustments	-
8	Leverage ratio exposure measure	15 307 058

Leverage ratio

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

		Sep-22	Jun-22
		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)	14 880 824	14 692 709
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)	14 880 824	14 692 709
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)	9 977	3 421
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	1 267	1 831
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)	11 244	5 252
Securities financing transaction exposures			
12	Gross SFT <i>assets</i> (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	898 592	1 145 141
18	(Adjustments for conversion to credit equivalent amounts)	(483 603)	(576 871)
19	Off-balance sheet items (sum of rows 17 and 18)	414 990	568 270
Capital and total exposures			
20	Tier 1 capital	1 628 172	1 627 844
21	Total exposures (sum of rows 3, 11, 16 and 19)	15 307 058	15 266 232
Leverage ratio			
22	Basel III leverage ratio	10,64%	10,66%

Leverage ratio

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

		Sep-22	Jun-22
		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)	14 880 824	14 692 709
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)	14 880 824	14 692 709
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)	9 977	3 421
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	1 267	1 831
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)	11 244	5 252
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	898 592	1 145 141
18	(Adjustments for conversion to credit equivalent amounts)	(483 603)	(576 871)
19	Off-balance sheet items (sum of rows 17 and 18)	414 990	568 270
Capital and total exposures			
20	Tier 1 capital	1 628 172	1 627 843
21	Total exposures (sum of rows 3, 11, 16 and 19)	15 307 058	15 266 232
Leverage ratio			
22	Basel III leverage ratio	10,64%	10,66%

Liquidity

Template LIQ1: Liquidity Coverage Ratio (LCR)

		Sep-22	
		a	b
		Total unweighted value	Total weighted value
		(average)	(average)
		R'000	R'000
High-quality liquid assets			
1	Total HQLA	5 189 468	5 189 468
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	-	-
4	Less stable deposits	2 345 555	234 556
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	6 867 857	1 651 755
8	Unsecured debt		
9	Secured wholesale funding	141 740	-
10	Additional requirements, of which:		
11	Outflows related to derivative exposures and other collateral requirements	12	12
12	Outflows related to loss of funding on debt products	-	-
13	Credit and liquidity facilities	-	-
14	Other contractual funding obligations	200 438	14 991
15	Other contingent funding obligations	294 838	14 175
16	TOTAL CASH OUTFLOWS	9 850 440	1 915 489
Cash inflows			
17	Secured lending (e.g. reverse repos)	141 924	-
18	Inflows from fully performing exposures	1 374 756	1 190 860
19	Other cash inflows	10 692	10 692
20	TOTAL CASH INFLOWS	1 527 372	1 201 552
		Total adjusted value	
21	Total HQLA		5 189 468
22	Total net cash outflows		713 937
23	Liquidity Coverage Ratio (%)		727

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

		Sep-22				
		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				1 691 431	1 691 431
3	Other capital instruments				89 916	89 916
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		-	-	-	-
6	Less stable deposits		7 944 076	75 717	14 790	7 232 604
7	Wholesale funding:					
8	Operational deposits		-	-	-	-
9	Other wholesale funding		4 449 579	7 947	569 766	2 352 086
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities				439	
13	All other liabilities and equity not included in the above categories		48 277	40 836	11 441	31 859
14	Total ASF					11 397 895
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					267 127
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		299 416	-	-	44 912
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:		2 172 284	509 782	6 472 772	6 451 940
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		9 347	4 727	6 897	11 521
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				9 653	9 653
30	NSFR derivative liabilities before deduction of variation margin posted				-	-
31	All other assets not included in the above categories				80 172	80 172
32	Off-balance sheet items				560 831	28 042
33	Total RSF					6 893 367
34	Net Stable Funding Ratio (%)					165.35