



GRINDROD FINANCIAL HOLDINGS LIMITED
BASEL PILLAR III DISCLOSURE REPORT
30 JUNE 2023



Grindrod Financial Holdings Limited

Template Reference:

		Annual Financial Statements	Integrated Report
		Dec-22	Dec-21*
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* The disclosures as reported in the prior year are still relevant and applicable to the current year.

Capital management

Template KM1: Key metrics - Grindrod Bank Limited

		a	b	c	d	e
		Jun-23	Mar-23	Dec-22	Sep-22	Jun-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)	1 470 081	1 470 081	1 345 073	1 343 172	1 342 844
1a	Fully loaded ECL accounting model CET1	1 470 081	1 470 081	1 345 073	1 343 172	1 342 844
2	Tier 1	1 755 081	1 755 081	1 630 073	1 628 172	1 627 844
2a	Fully loaded ECL accounting model Tier 1	1 755 081	1 755 081	1 630 073	1 628 172	1 627 844
3	Total capital	1 774 255	1 766 254	1 639 317	1 673 582	1 664 254
3a	Fully loaded ECL accounting model total capital	1 774 255	1 766 254	1 639 317	1 673 582	1 664 254
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	10 979 512	10 340 309	10 402 761	9 797 917	10 247 533
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.39%	14.22%	12.93%	13.71%	13.10%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	13.39%	14.22%	12.93%	13.71%	13.10%
6	Tier 1 ratio (%)	15.99%	16.97%	15.67%	16.62%	15.89%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.99%	16.97%	15.67%	16.62%	15.89%
7	Total capital ratio (%)	16.16%	17.08%	15.76%	17.08%	16.24%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.16%	17.08%	15.76%	17.08%	16.24%
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 (%)	5.89%	6.72%	5.43%	6.21%	5.60%
Basel III leverage ratio						
13	Total Basel III leverage ratio exposure measure	16 274 600	14 952 061	14 970 525	15 307 058	15 266 232
14	Basel III leverage ratio (%) (row 2 / row 13)	10.78%	11.74%	10.89%	10.64%	10.66%
14a	Fully loaded ECL accounting model Basel III leverage ratio (%)	10.78%	11.74%	10.89%	10.64%	10.66%
Liquidity Coverage Ratio						
15	Total high-quality liquid assets (HQLA)	4 528 963	4 368 351	4 684 883	5 107 787	4 786 142
16	Total net cash outflow	919 643	1 049 363	1 150 365	613 451	1 114 868
17	LCR (%)	492%	416%	407%	833%	429%
Net Stable Funding Ratio						
18	Total available stable funding	11 146 652	11 031 172	11 123 230	11 397 895	11 047 429
19	Total required stable funding	7 749 482	7 291 104	7 106 221	6 893 367	7 109 818
20	NSFR	144%	151%	157%	165%	155%

Capital management

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

		a	b	c	d	e
		Jun-23	Mar-23	Dec-22	Sep-22	Jun-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)	1 470 084	1 470 084	1 345 077	1 343 173	1 342 843
1a	Fully loaded ECL accounting model CET1	1 470 084	1 470 084	1 345 077	1 343 173	1 342 843
2	Tier 1	1 755 084	1 755 084	1 630 077	1 628 173	1 627 843
2a	Fully loaded ECL accounting model Tier 1	1 755 084	1 755 084	1 630 077	1 628 173	1 627 843
3	Total capital	1 774 258	1 766 258	1 639 321	1 673 583	1 664 253
3a	Fully loaded ECL accounting model total capital	1 774 258	1 766 258	1 639 321	1 673 583	1 664 253
Risk-weighted assets (amounts)						
4	Total risk-weighted assets (RWA)	10 979 512	10 340 309	10 402 761	9 797 917	10 247 533
Risk-based capital ratios as a percentage of RWA						
5	Common Equity Tier 1 ratio (%)	13.39%	14.22%	12.93%	13.71%	13.10%
5a	Fully loaded ECL accounting model Common Equity Tier 1 (%)	13.39%	14.22%	12.93%	13.71%	13.10%
6	Tier 1 ratio (%)	15.99%	16.97%	15.67%	16.62%	15.89%
6a	Fully loaded ECL accounting model Tier 1 ratio (%)	15.99%	16.97%	15.67%	16.62%	15.89%
7	Total capital ratio (%)	16.16%	17.08%	15.76%	17.08%	16.24%
7a	Fully loaded ECL accounting model total capital ratio (%)	16.16%	17.08%	15.76%	17.08%	16.24%
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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%
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16	Total net cash outflow	919 643	1 049 363	1 150 365	613 451	1 114 868
17	LCR (%)	492%	416%	407%	833%	429%
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
		Jun-23	Mar-23	Jun-23
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	8 432 194	7 742 251	969 702
2	Of which: standardised approach	8 432 194	7 742 251	969 702
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)	3 795	7 442	436
7	Of which: standardised approach for counterparty credit risk	3 795	7 442	436
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	4 042	8 588	465
11	Equity positions under the simple risk weight approach and the internal model method	1 289 809	1 377 451	148 328
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	1 885	1 783	217
21	Of which: standardised approach	1 885	1 783	217
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	949 159	949 159	109 153
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	148 468	148 468	17 074
25	Floor adjustment	150 159	105 166	17 268
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	10 979 512	10 340 309	1 262 644

Capital management

Template OV1: Overview of RWA - Grindrod Financial Holdings Limited

		a	b	c
		RWA		Minimum capital requirements
		Jun-23	Mar-23	Jun-23
		T	T-1	T
		R'000	R'000	R'000
1	Credit risk (excluding counterparty credit risk)	8 432 194	7 742 251	969 702
2	Of which: standardised approach	8 432 194	7 742 251	969 702
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)	3 795	7 442	436
7	Of which: standardised approach for counterparty credit risk	3 795	7 442	436
8	Of which: Internal Model Method (IMM)	-	-	-
9	Of which: other CCR	-	-	-
10	Credit valuation adjustment (CVA)	4 042	8 588	465
11	Equity positions under the simple risk weight approach and the internal model method	1 289 809	1 377 451	148 328
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	1 885	1 783	217
21	Of which: standardised approach	1 885	1 783	217
22	Of which: internal models approach (IMA)	-	-	-
23	Operational risk	949 159	949 159	109 153
24	Amounts below the thresholds for deduction (subject to 250% risk weight)	148 468	148 468	17 074
25	Floor adjustment	150 159	105 166	17 268
26	Total (1 + 6 + 10 + 11 + 12 + 13 + 14 + 15 + 16 + 20 + 23 + 24 + 25)	10 979 512	10 340 309	1 262 644

Leverage ratio

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

		Jun-23
		R'000
1	Total consolidated assets as per published financial statements	15 607 395
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	2 711
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)	664 495
7	Other adjustments	-
8	Leverage ratio exposure measure	16 274 600

Leverage ratio

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

		Jun-23
		R'000
1	Total consolidated assets as per published financial statements	15 607 395
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	2 711
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)	664 495
7	Other adjustments	-
8	Leverage ratio exposure measure	16 274 600

Leverage ratio

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

		Jun-23	Mar-23
		T	T
		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)	15 607 395	14 428 179
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)	15 607 395	14 428 179
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)	1 742	4 235
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	969	1 081
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)	2 711	5 316
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	1 323 346	1 069 234
18	(Adjustments for conversion to credit equivalent amounts)	(658 851)	(550 668)
19	Off-balance sheet items (sum of rows 17 and 18)	664 495	518 566
Capital and total exposures			
20	Tier 1 capital	1 755 081	1 755 081
21	Total exposures (sum of rows 3, 11, 16 and 19)	16 274 600	14 952 061
Leverage ratio			
22	Basel III leverage ratio	10.78%	11.74%

Leverage ratio

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

		Jun-23	Mar-23
		T	T
		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)	15 607 395	14 428 179
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)	15 607 395	14 428 179
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)	1 742	4 235
5	Add-on amounts for potential future exposure (PFE) associated with <i>all</i> derivatives transactions	969	1 081
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)	2 711	5 316
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	1 323 346	1 069 234
18	(Adjustments for conversion to credit equivalent amounts)	(658 851)	(550 668)
19	Off-balance sheet items (sum of rows 17 and 18)	664 495	518 566
Capital and total exposures			
20	Tier 1 capital	1 755 084	1 755 084
21	Total exposures (sum of rows 3, 11, 16 and 19)	16 274 600	14 952 061
Leverage ratio			
22	Basel III leverage ratio	10.78%	11.74%

Liquidity

Template LIQ1: Liquidity Coverage Ratio (LCR)

		Jun-23	
		a	b
		Total unweighted value	Total weighted value
		(average)	(average)
		R'000	R'000
High-quality liquid assets			
1	Total HQLA	4 954 783	4 954 783
Cash outflows			
2	Retail deposits and deposits from small business customers, of which:		
3	Stable deposits	-	-
4	Less stable deposits	2 381 487	238 149
5	Unsecured wholesale funding, of which:		
6	Operational deposits (all counterparties) and deposits in networks of cooperative banks	-	-
7	Non-operational deposits (all counterparties)	6 866 448	1 643 964
8	Unsecured debt		
9	Secured wholesale funding	707 110	-
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	291 640	18 452
15	Other contingent funding obligations	421 336	20 232
16	TOTAL CASH OUTFLOWS	10 668 021	1 920 797
Cash inflows			
17	Secured lending (e.g. reverse repos)	696 458	-
18	Inflows from fully performing exposures	1 052 436	833 101
19	Other cash inflows	43 105	43 105
20	TOTAL CASH INFLOWS	1 791 999	876 206
		Total adjusted value	
21	Total HQLA		4 954 783
22	Total net cash outflows		1 044 591
23	Liquidity Coverage Ratio (%)		474

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

		Jun-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
Available stable funding (ASF) item						
1	Capital:					
2	Regulatory capital				1 790 193	1 790 193
3	Other capital instruments				94 806	94 806
4	Retail deposits and deposits from small business customers:					
5	Stable deposits		-	-	-	-
6	Less stable deposits		7 938 519	48 138	24 011	7 212 002
7	Wholesale funding:					
8	Operational deposits		-	-	-	-
9	Other wholesale funding		5 043 177	573 098	24 508	2 023 635
10	Liabilities with matching interdependent assets					
11	Other liabilities:					
12	NSFR derivative liabilities				59	
13	All other liabilities and equity not included in the above categories		59 723	23 481	14 276	26 017
14	Total ASF					11 146 652
Required stable funding (RSF) item						
15	Total NSFR high-quality liquid assets (HQLA)					245 238
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	-	611 266	-	-	91 690
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:	-	1 610 931	654 818	7 438 921	7 125 378
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			-	21 569	14 020
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				1 020	1 020
30	NSFR derivative liabilities before deduction of variation margin posted				-	-
31	All other assets not included in the above categories				220 032	220 032
32	Off-balance sheet items				1 041 990	52 105
33	Total RSF					7 749 482
34	Net Stable Funding Ratio (%)					143.84