



GFH Financial Group BSC

Regulatory Capital Reconciliation Disclosures as of 30 September 2018

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 30 September 2018.

The table below shows the link between the statement of financial position in the published financial statements (accounting statement of financial position) and the regulatory statement of financial position.

As at 30 September 2018	Balance sheet as in published financial statements (In USD'000)	Consolidated PIRI data (In USD'000)	Reference
ASSETS			
Cash and bank balance	277,044	273,895	
Placement with financial institutions	106,739	106,739	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(329)</i>	<i>(329)</i>	A
Financing assets	919,572	919,572	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(17,110)</i>	<i>(17,110)</i>	A
Investment securities	648,378	1,240,186	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(8)</i>	<i>(8)</i>	A
<i>Of which equity investments in financial entities</i>	<i>18,917</i>	<i>18,917</i>	B
Assets acquired for leasing	257,907	257,907	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(4,554)</i>	<i>(4,554)</i>	A
Investment properties	526,132	485,759	
Development properties	1,244,150	257,904	
Equity-accounted investees	95,130	95,130	

<i>Of which equity investments in financial entities</i>	33,202	33,202	C
Property, plant and equipment	92,537	22,435	
Other assets	264,107	213,886	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	(304)	(304)	A
Total assets	4,431,696	3,873,413	
LIABILITIES			
Investors' fund	25,167	25,167	
Placements from financial institutions, other entities and individuals	1,119,747	1,119,747	
Customer current accounts	160,276	160,276	
Financing liabilities	260,079	236,743	
Other liabilities	533,960	226,842	
Total liabilities	2,099,229	1,768,775	
Equity of investment account holders	916,490	916,490	
OWNERS' EQUITY			
Share capital	975,638	975,637	D
Treasury shares	(89,029)	(89,029)	E
Statutory reserve	105,893	105,893	F
Share premium	(3,030)	(3,030)	F
Retained earnings	124,860	124,860	H
Foreign currency translation reserve	(26,713)	-	
Share grant reserve	1,086	1,086	G
Total equity attributable to shareholders of the Bank	1,088,705	1,115,417	



Non-controlling interests	327,272	72,732	
<i>Of which Total minority interest in banking subsidiaries given recognition in CET1 capital</i>	-	66,037	1
Total owners' equity	1,415,977	1,188,149	
Total liabilities, equity of investment account holders and owners' equity	4,431,696	3,873,413	

The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 30 September 2018 which are unconsolidated for capital adequacy calculation purposes. For principal activities of these subsidiaries refer Note 1 of the condensed consolidated interim financial statements as at 30 September 2018.

Entity name	Total Assets* (In USD'000)	Total Shareholders' equity * (In USD'000)
Morocco Gateway Investment Company	141,732	103,623
Al Areen Hotels SPC	99,413	96,599
Al Areen Holding Company	10,121	3,183
India Projects	572,130	441,058
Tunis Bay Investment Company	109,951	84,580
Gulf Holding Company	455,788	82,134

**The numbers disclosed are before considering acquisition accounting adjustments and intercompany eliminations.*



Composition of Capital Common Template (transition)

	Component of regulatory capital reported by bank (In USD'000)	Amounts subject to pre-2015 treatment	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Common Equity Tier 1 (CET1): instruments and reserves			
Directly issued qualifying common share capital plus related stock surplus	975,637	-	D
Statutory reserves	102,863	-	F
Retained earnings	124,860	-	H
Accumulated other comprehensive income and losses (and other reserve)	1,086	-	G
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	66,037	-	I
Common Equity Tier 1 capital before regulatory adjustments	1,270,482		
Common Equity Tier 1 capital: regulatory adjustments			
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(89,029)	-	E
Total regulatory adjustments to Common equity Tier 1	(89,029)		
Common equity Tier 1 capital (CET 1)	1,181,453		
Additional Tier 1 capital: instruments			
Instrument issued by banking subsidiaries to third parties	9,501	-	
Additional Tier 1 capital (AT1)	9,501		
Tier 1 capital (T1 = CET1 + AT1)	1,190,504		
Tier 2 capital: instruments and provisions			
Instruments issued by banking subsidiaries to third parties	13,747	-	
Expected Credit Losses (ECL) Stage 1 & 2	22,305	-	A
Tier 2 capital before regulatory adjustments	36,052		

	Component of regulatory capital reported by bank (In USD'000)	Amounts subject to pre-2015 treatment	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	
Total Tier 2 capital (T2)	36,052		
Total capital (TC = T1+T2)	1,226,556		
Total risk weighted assets	6,875,356		
Capital ratios and buffers			
Common Equity Tier 1 (CET1) (as a percentage of risk weighted assets)	17.18%		
Tier 1 (T1) (as a percentage of risk weighted assets)	17.32%		
Total capital (as a percentage of risk weighted assets)	17.84%		
National minima including CCB (if different from Basel III)			
CBB Common Equity Tier 1 minimum ratio	9.00%		
CBB Tier 1 minimum ratio	10.50%		
CBB total capital minimum ratio	12.50%		
Amounts below the thresholds for deduction (before risk weighting)			
Non-significant investments in the capital of other financial entities	18,917		B
Significant investment in common stock of financial entities	33,202		C
Applicable caps on the inclusion of provisions in Tier 2			
Expected Credit Losses (ECL) Stage 1 & 2	22,305		A



Disclosure template for main features of regulatory capital instruments

1	Issuer	GFH Financial Group BSC (c)
2	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	GFH (DFM) GFH (BHSE) GFH (KSE)
3	Governing law(s) of the instrument Regulatory treatment	All applicable laws and regulations in the Kingdom of Bahrain.
4	Transitional CBB rules	NA
5	Post-transitional CBB rules	NA
6	Eligible at solo/group/group & solo	Yes
7	Instrument type (types to be specified by each jurisdiction)	Common shares
8	Amount recognized in regulatory capital (Currency in mil, as of most recent reporting date)	USD 976 million
9	Par value of instrument	USD 0.265
10	Accounting classification	Shareholders' equity
11	Original date of issuance	1999
12	Perpetual or dated	NA
13	Original maturity date	NA
14	Issuer call subject to prior supervisory approval	NA
15	Optional call date, contingent call dates and redemption amount	NA
16	Subsequent call dates, if applicable Coupons / dividends	NA
17	Dividends	Dividends as decided by the shareholders
18	Coupon rate and any related index	NA
19	Existence of a dividend stopper	NA
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	NA
22	Noncumulative or cumulative	NA
23	Convertible or non-convertible	NA
24	If convertible, conversion trigger (s)	NA
25	If convertible, fully or partially	NA
26	If convertible, conversion rate	NA
27	If convertible, mandatory or optional conversion	NA
28	If convertible, specify instrument type convertible into	NA
29	If convertible, specify issuer of instrument it converts into	NA
30	Write-down feature	NA
31	If write-down, write-down trigger(s)	NA
32	If write-down, full or partial	NA
33	If write-down, permanent or temporary	NA
34	If temporary write-down, description of write-up mechanism	NA
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	NA
36	Non-compliant transitioned features	NA
37	If yes, specify non-compliant features	NA

NA – Not applicable