



GFH Financial Group BSC

Regulatory Capital Reconciliation Disclosures as of 30 June 2018

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 30 June 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 June 2018	Balance sheet as in published financial statements (In USD'000)	Consolidated PIRI data (In USD'000)	Reference
ASSETS			
Cash and bank balance	171,456	168,307	
Placement with financial institutions	67,879	67,879	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(5)</i>	<i>(5)</i>	A
Financing assets	961,235	961,235	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(21,077)</i>	<i>(21,077)</i>	A
Investment securities	571,444	1,121,633	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(8)</i>	<i>(8)</i>	B
<i>Of which equity investments in financial entities</i>	<i>40,909</i>	<i>40,909</i>	B
Assets acquired for leasing	264,989	264,989	
<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	525,853	485,480	
Development properties	1,272,620	257,274	
Equity-accounted investees	85,441	85,441	

<i>Of which equity investments in financial entities</i>	22,909	22,909	C
Property, plant and equipment	113,630	22,536	
Other assets	295,662	249,079	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	(347)	(347)	A
Total assets	4,330,209	3,686,136	
LIABILITIES			
Investors' fund	27,072	27,072	
Placements from financial institutions, other entities and individuals	947,184	947,184	
Customer current accounts	165,751	165,751	
Financing liabilities	471,447	245,327	
Other liabilities	440,894	133,026	
Total liabilities	2,052,348	1,518,359	
Equity of investment account holders	832,116	832,116	
OWNERS' EQUITY			
Share capital	975,638	975,638	D
Treasury shares	(50,815)	(50,815)	E
Statutory reserve	102,863		F
Share premium	-	102,863	
Retained earnings	93,897	188,431	
Investment fair value reserve	3,342	3,342	I
Foreign currency translation reserve	(11,866)	1,115	I
Share grant reserve	1,115	(11,866)	I



Total equity attributable to shareholders of the Bank	1,114,174	1,212,610	
Non-controlling interests	331,571	123,050	
		1,337,279	
Total owners' equity	1,445,745	3,686,136	
Total liabilities, equity of investment account holders and owners' equity	4,330,209	3,687,754	

The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 30 June 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 June 2018.

Entity name	Total Assets* (In USD'000)	Total Shareholders' equity * (In USD'000)
Morocco Gateway Investment Company	144,280	37,220
Al Areen Hotels SPC	98,639	179,442
Al Areen Leisure and Tourism Company – The Lost Paradise of Dilmun SPC	35,532	48,348
Energy City Navi Mumbai & Mumbai IT Technology Company	607,943	57,141
Tunis Bay Investment Company	108,567	37,220
Gulf Holding Company	455,532	13,073

**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	93,897	-	
Accumulated other comprehensive income and losses (and other reserve)	4,457	-	I
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	67,995	-	
Common Equity Tier 1 capital before regulatory adjustments	1,244,848		
Common Equity Tier 1 capital: regulatory adjustments			
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(50,815)	-	E
Total regulatory adjustments to Common equity Tier 1	-		
Common equity Tier 1 capital (CET 1)	1,194,033		
Additional Tier 1 capital: instruments			
Instrument issued by banking subsidiaries to third parties	9,470	-	
Additional Tier 1 capital (AT1)	9,470		
Tier 1 capital (T1 = CET1 + AT1)	1,234,075		



	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: instruments and provisions			
Instruments issued by banking subsidiaries to third parties	14,394	-	
Expected Credit Losses (ECL) Stage 1 & 2	24,510	-	A
Tier 2 capital before regulatory adjustments	38,904		
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	
Total Tier 2 capital (T2)	-		
Total capital (TC = T1+T2)	1,242,407		
Total risk weighted assets	5,583,360		
Capital ratios and buffers			
Common Equity Tier 1 (CET1) (as a percentage of risk weighted assets)	21.39%		
Tier 1 (T1) (as a percentage of risk weighted assets)	21.56%		
Total capital (as a percentage of risk weighted assets)	22.25%		
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	40,909		B
Significant investment in common stock of financial entities	22,909		C



	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
Applicable caps on the inclusion of provisions in Tier 2			
Expected Credit Losses (ECL) Stage 1 & 2	24,510		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