



GFH Financial Group BSC

Regulatory Capital Reconciliation Disclosures as of 31 December 2017

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 2017.

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 2017	Balance sheet as in published financial statements	Consolidated PIRI data	Reference
ASSETS			
Cash and bank balance	216,445	215,608	
Placement with financial institutions	95,569	95,557	
Financing assets	992,502	992,502	
<i>Of which collective impairment provisions</i>	<i>(11,721)</i>	<i>(11,721)</i>	a
Investment securities	992,502	1,051,683	
<i>Of which equity investments in financial entities</i>	<i>40,896</i>	<i>40,896</i>	b
Assets acquired for leasing	257,806	257,806	
Investment properties	616,263	480,762	
Development properties	893,037	214,928	
Equity-accounted investees	81,440	81,440	
<i>Of which equity investments in financial entities</i>	<i>22,456</i>	<i>22,456</i>	c
Property, plant and equipment	117,135	22,083	
Other assets	318,852	308,733	
Total assets	4,110,457	3,721,101	

LIABILITIES			
Investors' fund	39,413	39,413	
Placements from financial institutions, other entities and individuals	858,494	858,494	
Customer current accounts	189,607	189,607	
Financing liabilities	248,038	248,038	
Other liabilities	255,733	118,430	
Total liabilities	1,708,311	1,453,982	
Equity of investment account holders	906,353	906,353	
OWNERS' EQUITY			
Share capital	975,638	975,638	d
Treasury shares	(58,417)	(58,417)	e
Statutory reserve	105,893	105,893	f
Share premium	3,058	3,058	g
Retained earnings	122,825	193,037	h
Share grant reserve	1,026	1,026	i
Total equity attributable to shareholders of the Bank	1,150,023	1,220,235	
Non-controlling interests	345,770	140,535	
Total owners' equity	1,495,793	1,360,765	
Total liabilities, equity of investment account holders and owners' equity	4,110,457	3,721,101	



The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 31 December 2017 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 31 December 2017.

Entity name	Total Assets*	Total Shareholders' equity *
Morocco Gateway Investment Company	69,598	28,614
Al Areen Hotels SPC	72,203	67,851
Al Areen Leisure and Tourism Company – The Lost Paradise of Dilmun SPC	24,193	23,415
Energy City Navi Mumbai & Mumbai IT Technology Company	308,455	253,838
Tunis Bay Investment Company	181,650	171,763
GCL CPOL Management Company	96,738	41,600

**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	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	975,638	-	d
Treasury shares	(58,417)	-	E
Statutory reserves	105,893	-	F
Share premium	3,058	-	G
Retained earnings	225,788	-	h
Accumulated other comprehensive income and losses (and other reserve)	1,026	-	i
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	87,564	-	
Common Equity Tier 1 capital before regulatory adjustments	1,340,550		
Common Equity Tier 1 capital: regulatory adjustments			
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	-	-	
Total regulatory adjustments to Common equity Tier 1	-		
Common equity Tier 1 capital (CET 1)	1,340,550		
Additional Tier 1 capital: instruments			
Instrument issued by banking subsidiaries to third parties	7,304	-	
Additional Tier 1 capital (AT1)	7,304		
Tier 1 capital (T1 = CET1 + AT1)	1,354,786		

	Component of regulatory capital reported by bank	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	15,375	-	
Provisions	11,721	-	a
Tier 2 capital before regulatory adjustments	27,096		
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	
Total Tier 2 capital (T2)	-		
Total capital (TC = T1+T2)	1,374,950		
Total risk weighted assets	7,911,983		
Capital ratios and buffers			
Common Equity Tier 1 (CET1) (as a percentage of risk weighted assets)	16.94%		
Tier 1 (T1) (as a percentage of risk weighted assets)	17.04%		
Total capital (as a percentage of risk weighted assets)	17.38%		
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	40,896		b
Significant investment in common stock of financial entities	22,456		c

	Component of regulatory capital reported by bank	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			
Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardized approach (prior to application of cap)	11,721		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) 813 (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