



GFH Financial Group BSC

Regulatory Capital Reconciliation and Disclosures as at 31 December 2018

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 31 December 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 31 December 2018	Consolidated Statement of Financial Position as in published financial statements (In USD'000)	Consolidated Statement of Financial Position as per Regulatory Reporting (In USD'000)	Reference
ASSETS			
Cash and bank balance	341,567	340,374	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(134)</i>	<i>(134)</i>	A
Placement with financial institutions	289,558	289,558	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(953)</i>	<i>(953)</i>	A
Financing assets	920,676	920,676	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(62,600)</i>	<i>(22,432)</i>	A
Investment securities	773,134	1,490,346	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(3,501)</i>	<i>(8)</i>	A
<i>Of which equity investments in financial entities</i>	<i>18,000</i>	<i>18,000</i>	B
Assets acquired for leasing	288,271	288,271	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(6,515)</i>	<i>(650)</i>	A

As at 31 December 2018	Consolidated Statement of Financial Position as in published financial statements (In USD'000)	Consolidated Statement of Financial Position as per Regulatory Reporting (In USD'000)	Reference
Investment properties	523,692	483,319	
Development properties	1,316,318	333,067	
Equity-accounted investees	66,964	66,964	
<i>Of which equity investments in financial entities</i>	33,227	33,227	C
Assets held-for-sale	147,141	-	
Property and equipment	92,902	22,746	
Other assets	229,142	148,302	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	(236)	(236)	A
Total assets	4,989,365	4,383,623	
LIABILITIES			
Investors' fund	46,639	46,639	
Placements from financial institutions, other entities and individuals	1,628,389	1,628,389	
Customer current accounts	177,906	177,906	
Financing liabilities	256,137	247,800	
Liabilities directly associated with assets held-for-sale	42,749	-	
Other liabilities	517,857	186,334	
Total liabilities	2,699,677	2,287,068	
Equity of investment account holders	896,910	896,910	

As at 31 December 2018	Consolidated Statement of Financial Position as in published financial statements (In USD'000)	Consolidated Statement of Financial Position as per Regulatory Reporting (In USD'000)	Reference
OWNERS' EQUITY			
Share capital	975,638	975,638	D
Treasury shares	(85,424)	(85,424)	E
Statutory reserve	92,483	92,483	F
Fair value reserve	(4,725)	(4,725)	G
Retained earnings	123,136	123,136	H
Foreign currency translation reserve	(43,380)	30,853	
Share grant reserve	1,086	1,086	G
Total equity attributable to shareholders of the Bank	1,058,814	1,133,047	
Non-controlling interests	323,408	66,598	
Non-controlling interests held-for-sale	40,556	-	
<i>Of which Total minority interest in banking subsidiaries given recognition in CET1 capital</i>	-	66,598	I
Total owners' equity	1,422,778	1,199,645	
Total liabilities, equity of investment account holders and owners' equity	4,989,365	4,383,623	



The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 31 December 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 31 December 2018.

Entity name	Total Assets* (In USD'000)	Total Shareholders' equity * (In USD'000)
Morocco Gateway Investment Company	139,985	105,623
Al Areen Hotels SPC	98,413	93,981
Al Areen Holding Company	9,670	7,058
India Projects	592,765	457,338
Tunis Bay Investment Company	105,748	80,732
Gulf Holding Company	381,434	81,807

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

Composition of Regulatory Capital as at 31 December 2018

	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	975,638	-	D
Statutory reserves	92,483	-	F
Retained earnings	123,136	-	H
Accumulated other comprehensive income and losses (and other reserve)	(3,639)	-	G
Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET 1)	66,598	-	I
Common Equity Tier 1 capital before regulatory adjustments	1,254,216		
Common Equity Tier 1 capital: regulatory adjustments			
Investments in own shares (if not already netted off paid-in capital on reported balance sheet)	(85,424)	-	E

	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
Total regulatory adjustments to Common equity Tier 1	(85,424)		
Common equity Tier 1 capital (CET 1)	1,168,792		
Additional Tier 1 capital: instruments			
Instrument issued by banking subsidiaries to third parties	9,269	-	
Additional Tier 1 capital (AT1)	9,269		
Tier 1 capital (T1 = CET1 + AT1)	1,178,061		
Tier 2 capital: instruments and provisions			
Instruments issued by banking subsidiaries to third parties	14,082	-	
Expected Credit Losses (ECL) Stage 1 & 2	25,170		
<i>Of which ECL pertaining to on financial position items</i>	24,413	-	A
<i>Of which ECL pertaining to commitments and financial guarantees</i>	757	-	J
Tier 2 capital before regulatory adjustments	39,252		
Tier 2 capital: regulatory adjustments			
Total regulatory adjustments to Tier 2 capital	-	-	
Total Tier 2 capital (T2)	39,252		
Total capital (TC = T1+T2)	1,217,313		
Total risk weighted assets	8,031,364		
Capital ratios and buffers			
Common Equity Tier 1 (CET1) (as a percentage of risk weighted assets)	14.55%		
Tier 1 (T1) (as a percentage of risk weighted assets)	14.67%		

	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
Total capital (as a percentage of risk weighted assets)	15.16%		
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	18,000		B
Significant investment in common stock of financial entities	33,227		C
Applicable caps on the inclusion of provisions in Tier 2			
Expected Credit Losses (ECL) Stage 1 & 2	25,170		A+J



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 (BHB), 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	Common Equity Tier 1 (CET1)
5	Post-transitional CBB rules	Common Equity Tier 1 (CET1)
6	Eligible at solo/group/group & solo	Group and solo basis
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	<i>Not applicable</i>
13	Original maturity date	<i>Not applicable</i>
14	Issuer call subject to prior supervisory approval	<i>Not applicable</i>
15	Optional call date, contingent call dates and redemption amount	<i>Not applicable</i>
16	Subsequent call dates, if applicable Coupons / dividends	<i>Not applicable</i>
17	Dividends	Dividends as decided and approved by the shareholders in the AGM
18	Coupon rate and any related index	<i>Not applicable</i>
19	Existence of a dividend stopper	<i>Not applicable</i>
20	Fully discretionary, partially discretionary or mandatory	Fully discretionary
21	Existence of step up or other incentive to redeem	<i>Not applicable</i>
22	Noncumulative or cumulative	<i>Not applicable</i>
23	Convertible or non-convertible	<i>Not applicable</i>
24	If convertible, conversion trigger (s)	<i>Not applicable</i>
25	If convertible, fully or partially	<i>Not applicable</i>
26	If convertible, conversion rate	<i>Not applicable</i>
27	If convertible, mandatory or optional conversion	<i>Not applicable</i>
28	If convertible, specify instrument type convertible into	<i>Not applicable</i>
29	If convertible, specify issuer of instrument it converts into	<i>Not applicable</i>
30	Write-down feature	<i>Not applicable</i>
31	If write-down, write-down trigger(s)	<i>Not applicable</i>
32	If write-down, full or partial	<i>Not applicable</i>
33	If write-down, permanent or temporary	<i>Not applicable</i>
34	If temporary write-down, description of write-up mechanism	<i>Not applicable</i>
35	Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	<i>Not applicable</i>
36	Non-compliant transitioned features	<i>Not applicable</i>
37	If yes, specify non-compliant features	<i>Not applicable</i>