



GFH Financial Group BSC

Regulatory Capital Reconciliation and Disclosures as at 30 June 2019

Statement of financial position under the regulatory scope of consolidation and reconciliation of published financial statements to regulatory reporting as at 30 June 2019.

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 2019	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	369,552	364,822	
<i>Of which Expected Credit Losses (ECL) resulting from adoption of FAS 30</i>	<i>(8)</i>	<i>(8)</i>	A
Treasury portfolio	1,682,405	1,682,405	
<i>Of which Expected Credit Losses (ECL) as per FAS 30</i>	<i>(1,808)</i>	<i>(1,808)</i>	A
Financing assets	1,300,231	1,300,231	
<i>Of which Expected Credit Losses (ECL) as per FAS 30</i>	<i>(19,937)</i>	<i>(19,937)</i>	A
Real estate investments	1,821,444	761,316	
Proprietary investments	279,048	800,810	
<i>Of which Expected Credit Losses (ECL) as per FAS 30</i>	<i>(37)</i>	<i>(37)</i>	A
<i>Of which non-significant investments in financial entities</i>	<i>18,000</i>	<i>18,000</i>	B

As at 30 June 2019	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
<i>Of which significant investments in the common stock of financial entity</i>	34,879	34,879	C
Co-investments	77,048	77,048	
Asset held for sale	101,213	-	
Receivables and prepayments	482,334	420,139	
<i>Of which Expected Credit Losses (ECL) as per FAS 30</i>	(2,597)	(2,597)	A
Property and equipment	24,699	22,546	
Total assets	6,137,974	5,509,318	
LIABILITIES			
Clients' fund	61,097	61,097	
Placements from financial institutions, non-financials and individuals	2,789,757	2,789,757	
Customer current accounts	163,683	163,683	
Term financing	199,960	191,623	
Liabilities directly associated with assets held-for-sale	39,936	-	
Other liabilities	507,933	175,148	
Total liabilities	3,762,366	3,381,308	
Equity of investment account holders	995,837	995,837	
OWNERS' EQUITY			
Share capital	975,638	975,638	D

As at 30 June 2019	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
Treasury shares	(58,890)	(58,890)	E
Statutory reserve	117,301	117,301	F
Fair value reserve	(5,641)	(5,641)	G
Retained earnings	50,298	50,298	H
Foreign currency translation reserve	(43,150)	-	
Share grant reserve	1,198	1,198	I
Total equity attributable to shareholders of the Bank	1,036,754	1,079,904	
Non-controlling interests	317,621	52,269	
Non-controlling interests held-for-sale	25,396	-	
<i>Of which Total minority interest in banking subsidiaries given recognition in CET1 capital</i>	-	52,269	J
Total owners' equity	1,379,771	1,132,173	
Total liabilities, equity of investment account holders and owners' equity	6,137,974	5,509,318	



The table below shows the total assets and shareholders' equity of the Bank's subsidiaries as at 30 June 2019 which are not consolidated for capital adequacy calculation purposes.

Entity name	Principal activities	Total Assets* USD'000	Total Shareholders' equity * USD'000
Morocco Gateway Investment Company	Real estate development	139,936	105,446
India Project	Real estate development	599,478	460,477
Tunis Bay Investment Company	Real estate development	102,605	73,368
Gulf Holding Company	Real estate development	380,099	81,064

**The numbers disclosed are before considering intercompany eliminations.*

Composition of Regulatory Capital as at 30 June 2019

Composition of Capital as at 30 June 2019 (In USD'000)			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
Common Equity Tier 1 capital: instruments and reserves			
1.	Directly issued qualifying common share capital plus related stock surplus	975,638	D
2.	Retained earnings	50,298	H
3.	Accumulated other comprehensive income (and other reserves)	112,858	F+G+I
4.	<i>Not applicable</i>		
5.	Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	52,269	J
6.	Common Equity Tier 1 capital before regulatory adjustments	1,091,063	
Common Equity Tier 1 capital: regulatory adjustments			
7.	Prudential valuation adjustments	-	



Composition of Capital as at 30 June 2019

(In USD'000)

Source based on reference letters of the statement of financial position under the regulatory scope of consolidation

Composition of Capital as at 30 June 2019 (In USD'000)		Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
8.	Goodwill (net of related tax liability)	-
9.	Other intangibles other than mortgage-servicing rights (net of related tax liability)	-
10.	Deferred tax assets that rely on future profitability excluding those arising from temporary differences (net of related tax liability)	-
11.	Cash-flow hedge reserve	-
12.	Shortfall of provisions to expected losses	-
13.	Securitisation gain on sale (as set out in paragraph 562 of Basel II framework)	-
14.	Not applicable	
15.	Defined-benefit pension fund net assets	-
16.	Investments in own shares	(58,890)
17.	Reciprocal cross-holdings in common equity	-
18.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued share capital (amount above 10% threshold)	-
19.	Significant investments in the common stock of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions (amount above 10% threshold)	-
20.	Mortgage servicing rights (amount above 10% threshold)	-
21.	Deferred tax assets arising from temporary differences (amount above 10% threshold, net of related tax liability)	-
22.	Amount exceeding the 15% threshold	-
23.	of which: significant investments in the common stock of financials	-
24.	of which: mortgage servicing rights	-
25.	of which: deferred tax assets arising from temporary differences	-
26.	CBB specific regulatory adjustments	-

Composition of Capital as at 30 June 2019 (In USD'000)			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
27.	Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions	-	
28.	Total regulatory adjustments to Common equity Tier 1	-	
29.	Common Equity Tier 1 capital (CET1)	1,132,173	
Additional Tier 1 capital: instruments			
30.	Directly issued qualifying Additional Tier 1 instruments plus related stock surplus	-	
31.	of which: classified as equity under applicable accounting standards	-	
32.	of which: classified as liabilities under applicable accounting standards	-	
33.	<i>Directly issued capital instruments subject to phase out from Additional Tier 1</i>	-	
34.	Additional Tier 1 instruments (and CET1 instruments not included in row 5) issued by subsidiaries and held by third parties (amount allowed in group AT1)	11,201	
35.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
36.	Additional Tier 1 capital before regulatory adjustments	-	
Additional Tier 1 capital: regulatory adjustments			
37.	Investments in own Additional Tier 1 instruments	-	
38.	Reciprocal cross-holdings in Additional Tier 1 instruments	-	
39.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above 10% threshold)	-	
40.	Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
41.	CBB specific regulatory adjustments	-	
42.	Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	-	

Composition of Capital as at 30 June 2019 (In USD'000)			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
43.	Total regulatory adjustments to Additional Tier 1 capital	-	
44.	Additional Tier 1 capital (AT1)	-	
45.	Tier 1 capital (T1 = CET1 + AT1)	1,143,374	
Tier 2 capital: instruments and provisions			
46.	Directly issued qualifying Tier 2 instruments plus related stock surplus	-	
47.	<i>Directly issued capital instruments subject to phase out from Tier 2</i>	-	
48.	Tier 2 instruments (and CET1 and AT1 instruments not included in rows 5 or 34) issued by subsidiaries and held by third parties (amount allowed in group Tier 2)	14,934	
49.	<i>of which: instruments issued by subsidiaries subject to phase out</i>	-	
50.	Provisions	24,387	A
51.	Tier 2 capital before regulatory adjustments	39,321	
Tier 2 capital: regulatory adjustments			
52.	Investments in own Tier 2 instruments	-	
53.	Reciprocal cross-holdings in Tier 2 instruments	-	
54.	Investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation, net of eligible short positions, where the bank does not own more than 10% of the issued common share capital of the entity (amount above the 10% threshold)	-	
55.	Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	-	
56.	National specific regulatory adjustments	-	
57.	Total regulatory adjustments to Tier 2 capital	-	
58.	Tier 2 capital (T2)	39,321	
59.	Total capital (TC = T1 + T2)	1,182,695	

Composition of Capital as at 30 June 2019 (In USD'000)			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
60.	Total risk weighted assets		
Capital ratios and buffers			
61.	Common Equity Tier 1 (as a percentage of risk weighted assets)	13.47%	
62.	Tier 1 (as a percentage of risk weighted assets)	13.60%	
63.	Total capital (as a percentage of risk weighted assets)	14.07%	
64.	Institution specific buffer requirement (minimum CET1 requirement plus capital conservation buffer plus countercyclical buffer requirements plus D-SIB buffer requirement, expressed as a percentage of risk weighted assets)	N/A	
65.	of which: capital conservation buffer requirement	N/A	
66.	of which: bank specific countercyclical buffer requirement	N/A	
67.	of which: D-SIB buffer requirement	N/A	
68.	Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	13.47%	
National minima including CCB (where different from Basel III)			
69.	CBB Common Equity Tier 1 minimum ratio	9.0%	
70.	CBB Tier 1 minimum ratio	10.5%	
71.	CBB total capital minimum ratio	12.5%	
Amounts below the thresholds for deduction (before risk weighting)			
72.	Non-significant investments in the capital of other financials	18,000	B
73.	Significant investments in the common stock of financials	34,879	C
74.	Mortgage servicing rights (net of related tax liability)	-	
75.	Deferred tax assets arising from temporary differences (net of related tax liability)	-	



Composition of Capital as at 30 June 2019
(In USD'000)

Source based on
reference letters of the
statement of financial
position under the
regulatory scope of
consolidation

Composition of Capital as at 30 June 2019 (In USD'000)			Source based on reference letters of the statement of financial position under the regulatory scope of consolidation
76.	Provisions eligible for inclusion in Tier 2 in respect of exposures subject to 9 standardized approach (prior to application of cap)	24,387	A
77.	Cap on inclusion of provisions in Tier 2 under 9 standardized approach	-	
78.	N/A	-	
79.	N/A	-	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2019 and 1 Jan 2023)			
80.	<i>Current cap on CET1 instruments subject to phase out arrangements</i>	NA	
81.	<i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	NA	
82.	<i>Current cap on AT1 instruments subject to phase out arrangements</i>	NA	
83.	<i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	NA	
84.	<i>Current cap on T2 instruments subject to phase out arrangements</i>	NA	
85.	<i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	NA	

Disclosure template for main features of regulatory capital instrument		
1	Issuer	GFH Financial Group B.S.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.
	Regulatory treatment	
4	Transitional CBB rules	Common Equity Tier 1
5	Post-transitional CBB rules	Common Equity Tier 1
6	Eligible at solo/group/group & solo	Group and solo
7	Instrument type (types to be specified by each jurisdiction)	Common equity 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 by the shareholders
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>

Disclosure template for main features of regulatory capital instrument		
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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>