



Gulf international Bank B.S.C.

COMPOSITION OF CAPITAL

As at 30th September 2022



### Executive Summary

All Bahraini conventional bank licensees are required to report the composition of capital in addition to the main features of the regulatory instruments. Furthermore, banks must provide a full reconciliation report of all regulatory capital elements back to the published consolidated financial statements.

The purpose of the disclosure is to enable market participants to compare the capital adequacy of banks across jurisdictions and to improve consistency and ease of use of disclosures relating to the composition of regulatory capital.

1- **Reconciliation Requirements:** Established to ensure that a full reconciliation of all regulatory capital elements back to the published consolidated financial statements is provided in a consistent manner.

2- **Main Features of Regulatory Capital Instruments:** Provides a description of the main features of regulatory capital instruments issued. Established to ensure that banks provide a description of the main features of the regulatory capital instruments issued.

3- **Capital Components:** Discloses the components of capital, taking into consideration the transitional arrangements. The disclosure provides the full terms and conditions of regulatory capital instruments and reports the calculation of any ratios involving components of regulatory capital, to enable the Prudential Information Returns (PIR) to be reconciled with the consolidated financial statements.

The format and the level of disclosure in the attached report is dictated by the Central Bank of Bahrain (CBB) and reflects a proforma issued by the Central Bank.

Step 1: Balance sheet under the regulatory scope of consolidation as at 30 September 2022

US\$ Millions	Balance sheet as in published consolidated financial statements		Reference
	Consolidated PIR data		
<b>Assets</b>			
Cash and other liquid assets	12,216.9	88.2	1,2
Securities purchased under agreements to resell	118.1	-	2
Placements with banks and similar financial institutions	5,408.1	17,655.1	2,3
Financial assets at fair value through profit and loss	177.6	177.6	
Investment securities	5,682.5	5,685.7	3
Loans and advances to banks and non-banks	10,702.8	10,821.4	3
Other assets	1,582.1	1,582.1	4
<b>Total assets</b>	<b>35,888.1</b>	<b>36,010.1</b>	
<b>Liabilities</b>			
Deposits from banks	542.8	6,812.3	5
Deposits from customers	25,638.7	19,369.2	5
Securities sold under agreements to repurchase	749.0	749.0	
Senior term financing	4,380.0	4,380.1	
Other liabilities	1,403.1	1,391.5	3,6
<b>Total liabilities</b>	<b>32,713.6</b>	<b>32,702.0</b>	
<b>Shareholders' Equity</b>			
Paid up share capital	2,500.0	2,500.0	
Reserves	449.9	448.1	7
Retained earnings	(741.2)	(739.4)	7
Expected Credit Losses	-	133.6	3
<b>Equity attributable to the shareholders of the Bank</b>	<b>2,208.7</b>	<b>2,342.3</b>	
Non-controlling interest	965.8	965.8	
<b>Total equity</b>	<b>3,174.5</b>	<b>3,308.1</b>	
<b>Total liabilities &amp; shareholders' equity</b>	<b>35,888.1</b>	<b>36,010.1</b>	

**Differences due to PIR requirements:**

<sup>1</sup> Cash balance reported in PIR is the cash on hand and balances at the Central Bank of Bahrain. Other bank balances are reported under placements.

<sup>2</sup> Other bank balances and securities purchased under agreements to resell are included under placements.

<sup>3</sup> Expected credit losses (Stages 1 & 2) (loans, securities, placements & other assets) and Off Balance sheet provisions are reported separately.

<sup>4</sup> Differences between amounts reported in the Balance sheet and the PIR are due to Other Assets provisions. Under PIR the following breakdown is applicable:

- Interest receivable	198.0
- Property, plant, and equipment (PPE)	65.2
- Other assets	1318.9

**Total** 1,582.1

<sup>5</sup> Central Banks deposits are reported under deposits from banks under the PIR, however, these are customer relationships to GIB.

<sup>6</sup> Differences between amounts reported in the Balance sheet and the PIR are due to Off Balance sheet provisions.

Under PIR the following breakdown is applicable:

- Interest payable	180.5
- Other liabilities	1,211.0

**Total** 1,391.5

<sup>7</sup> The difference is due to transfers during the period from reserves to retained earnings

<sup>8</sup> Figures are rounded to the nearest US\$ million

Step 2: Expansion of the Balance sheet under the regulatory scope of consolidation as at 30 September 2022

US\$ Millions	Balance sheet as in published consolidated financial statements	Consolidated PIR data	Reference
<b>Assets</b>			
Cash and other liquid assets	12,216.9	88.2	
Securities purchased under agreements to resell	118.1	-	
Placements with banks and similar financial institutions	5,408.1	17,655.1	
Financial assets at fair value through profit and loss	177.6	177.6	
Investment securities	5,682.5	5,685.7	
Loans and advances to banks and non-banks	10,702.8	10,821.4	
Other assets	1,582.1	1,582.1	
<b>Total assets</b>	<b>35,888.1</b>	<b>36,010.1</b>	
<b>Liabilities</b>			
Deposits from banks	542.8	6,812.3	
Deposits from customers	25,638.7	19,369.2	
Securities sold under agreements to repurchase	749.0	749.0	
Senior term financing	4,380.0	4,380.1	
Other liabilities	1,403.1	1,391.5	
<b>Total liabilities</b>	<b>32,713.6</b>	<b>32,702.0</b>	
<b>Shareholders' Equity</b>			
Paid up share capital	2,500.0	2,500.0	
of which amount eligible for CET1	-	2,500.0	
of which amount eligible for AT1	-	-	
Reserves	449.9	448.1	
Retained earnings	(741.2)	(739.4)	A
Expected Credit Losses	-	133.6	B
<b>Equity attributable to the shareholders of the Bank</b>	<b>2,208.7</b>	<b>2,342.3</b>	
Non-controlling interest	965.8	965.8	
of which amount eligible for CET1	-	314.2	
of which amount eligible for AT1	-	-	
of which amount eligible for T2	-	246.9	
of which amount ineligible	-	404.8	
<b>Total equity</b>	<b>3,174.5</b>	<b>3,308.1</b>	
<b>Total liabilities &amp; shareholders' equity</b>	<b>35,888.1</b>	<b>36,010.1</b>	

Step 3: Composition of Capital Disclosures template as at 30 September 2022

US\$ millions	Component of regulatory capital reported by bank	Source based on reference numbers/letters of the balance sheet under the regulatory scope of consolidation from step 2
<b>Common Equity Tier 1 capital: instruments and reserves</b>		
1. Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	2,507.6	
2. Retained earnings	(739.4)	A
3. Accumulated other comprehensive income (and other reserves)	494.1	
4. <i>Not Applicable</i>		
5. Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	314.2	
<b>6. Common Equity Tier 1 capital before regulatory adjustments</b>	<b>2,576.5</b>	
<b>Common Equity Tier 1 capital: regulatory adjustments</b>		
7. Prudential valuation adjustments		
8. Goodwill (net of related tax liability)		
9. Other intangibles other than mortgage-servicing rights (net of related tax liability)	13.8	
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	61.5	
16. Investments in own shares (if not already netted off paid-in capital on reported balance sheet)		
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		
27. Regulatory adjustments applied to Common Equity Tier 1 due to insufficient Additional Tier 1 and Tier 2 to cover deductions		
<b>28. Total regulatory adjustments to Common equity Tier 1</b>	<b>75.3</b>	
<b>29. Common Equity Tier 1 capital (CET1)</b>	<b>2,501.2</b>	
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)		
35. of which: instruments issued by subsidiaries subject to phase out		
<b>36. Additional Tier 1 capital before regulatory adjustments</b>	<b>-</b>	

<b>Additional Tier 1 capital: regulatory adjustments</b>	
37. Investments in own Additional Tier 1 instruments	
38. Reciprocal cross-holdings in Additional Tier 1 instruments	
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)	
39. Significant investments in the capital of banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
40. CBB specific regulatory adjustments	
41. Regulatory adjustments applied to Additional Tier 1 due to insufficient Tier 2 to cover deductions	
42. <b>Total regulatory adjustments to Additional Tier 1 capital</b>	-
43. <b>Additional Tier 1 capital (AT1)</b>	-
44. <b>Tier 1 capital (T1 = CET1 + AT1)</b>	2,501.2
<b>Tier 2 capital: instruments and provisions</b>	
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)	246.9
49. <i>of which: instruments issued by subsidiaries subject to phase out</i>	
50. Provisions	133.6
51. <b>Tier 2 capital before regulatory adjustments</b>	380.5
<b>Tier 2 capital: regulatory adjustments</b>	
52. Investments in own Tier 2 instruments	
53. Reciprocal cross-holdings in Tier 2 instruments	
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)	
54. Significant investments in the capital banking, financial and insurance entities that are outside the scope of regulatory consolidation (net of eligible short positions)	
55. CBB specific regulatory adjustments	
56. <b>Total regulatory adjustments to Tier 2 capital</b>	-
57. <b>Tier 2 capital (T2)</b>	380.5
58. <b>Total capital (TC = T1 + T2)</b>	2,881.7
<b>RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT OF WHICH:</b>	
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)	
<b>OF WHICH:</b> 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)	
60. <b>Total risk weighted assets</b>	16,415.4
<b>Capital ratios</b>	
61. Common Equity Tier 1 (as a percentage of risk weighted assets)	15.2%
62. Tier 1 (as a percentage of risk weighted assets)	15.2%
63. Total capital (as a percentage of risk weighted assets)	17.6%
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)	
64. <b>9.0%</b>	
65. <i>of which: capital conservation buffer requirement</i>	2.5%
66. <i>of which: bank specific countercyclical buffer requirement (N/A)</i>	N/A
67. <i>of which: D-SIB buffer requirement (N/A)</i>	N/A
68. Common Equity Tier 1 available to meet buffers (as a percentage of risk weighted assets)	15.2%
<b>National minima including CCB (if different from Basel 3)</b>	
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%
<b>Amounts below the thresholds for deduction (before risk weighting)</b>	
72. Non-significant investments in the capital of other financials	
73. Significant investments in the common stock of financials	
74. Mortgage servicing rights (net of related tax liability)	
75. Deferred tax assets arising from temporary differences (net of related tax liability)	
<b>Applicable caps on the inclusion of provisions in Tier 2</b>	
76. Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	133.6
77. Cap on inclusion of provisions in Tier 2 under standardised approach	193.4
78. N/A	
79. N/A	
<b>Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)</b>	
80. <i>Current cap on CET1 instruments subject to phase out arrangements</i>	
81. <i>Amount excluded from CET1 due to cap (excess over cap after redemptions and maturities)</i>	
82. <i>Current cap on AT1 instruments subject to phase out arrangements</i>	
83. <i>Amount excluded from AT1 due to cap (excess over cap after redemptions and maturities)</i>	
84. <i>Current cap on T2 instruments subject to phase out arrangements</i>	
85. <i>Amount excluded from T2 due to cap (excess over cap after redemptions and maturities)</i>	

PD 3: Main Features of Regulatory Capital Instruments

		US\$ millions
1.	Issuer	Gulf International Bank B.S.C.
2.	Unique identifier (e.g. CUSIP, ISIN or Bloomberg identifier for private placement)	3541088Z
3.	Governing law(s) of the instrument	Bahrain
<i>Regulatory treatment</i>		
4.	Transitional CBB rules	Tier 1
5.	Post-transitional CBB rules	Tier 1
6.	Eligible at solo/group/group & solo	Solo and Group
7.	Instrument type (types to be specified by each jurisdiction)	Common equity
8.	Amount recognised in regulatory capital (Currency in mil, as of most recent reporting date)	2,881.7
9.	Par value of instrument	2,500.0
10.	Accounting classification	Shareholders' equity
11.	Original date of issuance	NA
12.	Perpetual or dated	Perpetual
13.	Original maturity date	NA
14.	Issuer call subject to prior supervisory approval	No
15.	Optional call date, contingent call dates and redemption amount	NA
16.	Subsequent call dates, if applicable	NA
<i>Coupons / dividends</i>		
17.	Fixed or floating dividend/coupon	NA
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