



Gulf International Bank B.S.C.

COMPOSITION OF CAPITAL

As at 30th September 2020

GIB

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.

Reconciliation Requirements

	Balance sheet as in published consolidated financial statements	Consolidated PIR data	
	30.9.2020 US\$ millions	30.9.2020 US\$ millions	
Assets			
Cash and other liquid assets	7,114.8	67.7	1,2
Securities purchased under agreements to resell	1,070.0	-	2
Placements with banks and similar financial institutions	6,207.2	14,324.4	2
Financial assets at fair value through profit and loss	116.6	116.6	
Investment securities	4,158.5	4,160.2	3
Loans and advances to banks and non-banks	10,104.4	10,262.0	3
Other assets	876.6	876.6	4
Total assets	29,648.1	29,807.5	
Liabilities			
Deposits from banks	749.6	3,968.0	5
Deposits from customers	19,483.8	16,265.4	5
Securities sold under agreements to repurchase	175.2	175.2	
Senior term financing	4,964.4	4,964.4	
Other liabilities	1,173.8	1,217.4	6
Total liabilities	26,546.8	26,590.4	
Shareholders' Equity			
Paid up share capital	2,500.0	2,500.0	
Reserves	342.0	342.0	
Retained earnings	(710.1)	(710.1)	
Expected Credit Losses	-	115.8	3
Equity attributable to the shareholders of the Bank	2,131.9	2,247.7	
Non-controlling interest	969.4	969.4	7
Total equity	3,101.3	3,217.1	
Total liabilities & shareholders' equity	29,648.1	29,807.5	

Differences due to PIR requirements:

¹ 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.

² Other bank balances and securities purchased under agreements to resell are included under placements.

³ Expected credit losses (Stages 1 & 2) (loans & securities) and Off Balance sheet provisions are reported separately.

⁴ Under PIR the following breakdown is applicable:

Interest receivable	129.9
Property, plant, and equipment (PPE)	166.9
Other assets	579.8
Total	876.6

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

⁶ 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	107.1
Other liabilities	1,110.3
Total	1,217.4

⁷ A new non-controlling interest in the Group arose during the nine months ended 31st December 2019. The non-controlling interest arose on the purchase by the Bank's majority shareholder, the Public Investment Fund, of 50 per cent of the shares issued on the incorporation of Gulf International Bank – Saudi Arabia on 3rd April 2019, a new subsidiary of the Bank.

⁸ Figures are rounded to the nearest US\$ million

Main Features of Regulatory Capital Instruments

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)		2,632.8
9. Par value of instrument		2,500.0
10. Accounting classification	Shareholders' equity	
11. Original date of issuance		
12. Perpetual or dated	Perpetual	
13. Original maturity date		
14. Issuer call subject to prior supervisory approval	No	
Optional call date, contingent call dates and redemption amount		
Subsequent call dates, if applicable		
<i>Coupons / dividends</i>		
15. <i>Optional call date, contingent call dates and redemption amount</i>		
16. <i>Subsequent call dates, if applicable</i>		
17. Fixed or floating dividend/coupon		
18. Coupon rate and any related index		
19. Existence of a dividend stopper		
20. Fully discretionary, partially discretionary or mandatory	Fully discretionary	
21. Existence of step up or other incentive to redeem		
22. Noncumulative or cumulative		
23. Convertible or non-convertible		
24. If convertible, conversion trigger (s)		
25. If convertible, fully or partially		
26. If convertible, conversion rate		
27. If convertible, mandatory or optional conversion		
28. If convertible, specify instrument type convertible into		
29. If convertible, specify issuer of instrument it converts into		
30. Write-down feature		
31. If write-down, write-down trigger(s)		
32. If write-down, full or partial		
33. If write-down, permanent or temporary		
34. If temporary write-down, description of write-up mechanism		
35. Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)		
36. Non-compliant transitioned features		
37. yes, specify non-compliant features		

Capital Components

US\$ millions

Common Equity Tier 1 capital: instruments and reserves	
1. Directly issued qualifying common share capital (and equivalent for non-joint stock companies) plus related stock surplus	2,507.6
2. Retained earnings	(710.1)
3. Accumulated other comprehensive income (and other reserves)	303.8
4. <i>Not Applicable</i>	
5. Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1)	415.7
6. Common Equity Tier 1 capital before regulatory adjustments	2,517.0
Common Equity Tier 1 capital: regulatory adjustments	
7. Prudential valuation adjustments	
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 (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	
28. Total regulatory adjustments to Common equity Tier 1	-
29. Common Equity Tier 1 capital (CET1)	2,517.0
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. <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	
43. Total regulatory adjustments to Additional Tier 1 capital	-
44. Additional Tier 1 capital (AT1)	-
45. Tier 1 capital (T1 = CET1 + AT1)	2,517.0

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)	
49. <i>of which: instruments issued by subsidiaries subject to phase out</i>	
50. Provisions	115.8
51. Tier 2 capital before regulatory adjustments	115.8
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. CBB specific regulatory adjustments	
57. Total regulatory adjustments to Tier 2 capital	-
58. Tier 2 capital (T2)	115.8
59. Total capital (TC = T1 + T2)	2,632.8
RISK WEIGHTED ASSETS IN RESPECT OF AMOUNTS SUBJECT TO PRE-2015 TREATMENT	
OF WHICH: 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)	
OF WHICH: 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. Total risk weighted assets	15,579.0
Capital ratios	
61. Common Equity Tier 1 (as a percentage of risk weighted assets)	16.2%
62. Tier 1 (as a percentage of risk weighted assets)	16.2%
63. Total capital (as a percentage of risk weighted assets)	16.9%
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)	9.0%
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)	16.2%
National minima including CCB (if different from Basel 3)	
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	
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)	
Applicable caps on the inclusion of provisions in Tier 2	
76. Provisions eligible for inclusion in Tier 2 in respect of exposures subject to standardised approach (prior to application of cap)	115.8
77. Cap on inclusion of provisions in Tier 2 under standardised approach	181.5
78. N/A	
79. N/A	
Capital instruments subject to phase-out arrangements (only applicable between 1 Jan 2020 and 1 Jan 2024)	
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>	