



Gulf International Bank B.S.C.

COMPOSITION OF CAPITAL AND LEVERAGE RATIO

As at 31st December 2024

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.

Step 1: Balance sheet under the regulatory scope of consolidation as at 31 December 2024

| US\$ Millions | Balance sheet as in published consolidated financial statements | Consolidated PIR data | Reference |
|--|---|-----------------------|-----------|
| Assets | | | |
| Cash and other liquid assets | 9,882.6 | 74.9 | 1,2 |
| Securities purchased under agreements to resell | 975.4 | - | 2 |
| Placements with banks and similar financial institutions | 7,266.6 | 18,050.2 | 2,3 |
| Financial assets at fair value through profit and loss | 328.4 | 328.4 | |
| Investment securities | 7,279.4 | 7,283.0 | 3 |
| Loans and advances to banks and non-banks | 15,402.3 | 15,585.2 | 3 |
| Other assets | 1,756.8 | 1,756.8 | 4 |
| Total assets | 42,891.5 | 43,078.5 | |
| Liabilities | | | |
| Deposits from banks | 1,665.2 | 7,570.4 | 5 |
| Deposits from customers | 28,195.2 | 22,290.1 | 5 |
| Securities sold under agreements to repurchase | 1,848.8 | 1,848.8 | |
| Senior term financing | 5,573.9 | 5,573.9 | |
| Other liabilities | 1,692.6 | 1,679.3 | 3,6 |
| Subordinated term financing | 399.3 | - | 7 |
| Total liabilities | 39,375.0 | 38,962.4 | |
| Shareholders' Equity | | | |
| Paid up share capital | 2,000.0 | 2,000.0 | |
| Reserves | 222.9 | 222.9 | |
| Retained earnings | 252.6 | 252.6 | |
| Tier 2 capital instruments | - | 399.3 | 7 |
| Expected Credit Losses | - | 200.2 | 3 |
| Equity attributable to the shareholders of the Bank | 2,475.5 | 3,075.0 | |
| Non-controlling interest | 1,041.0 | 1,041.0 | |
| Total equity | 3,516.5 | 4,116.0 | |
| Total liabilities & shareholders' equity | 42,891.5 | 43,078.5 | |

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, placements) and Off Balance sheet provisions are reported separately.

- 4 Under PIR the following breakdown is applicable:

| | |
|--|---------|
| - Interest receivable | 431.8 |
| - Property, plant, and equipment (PPE) | 152.3 |
| - Other assets | 1,172.7 |

Total **1,756.8**

- 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 | 318.6 |
| - Other liabilities | 1,360.7 |

Total **1,679.3**

- 7 Eligible Tier 2 instruments issued by subsidiaries and held by third parties recognised in the regulatory capital base.

- 8 Figures are rounded to the nearest US\$ million

Step 2: Expansion of the Balance sheet under the regulatory scope of consolidation as at 31 December 2024

| US\$ Millions | Balance sheet as in published consolidated financial statements | Consolidated PIR data | Reference |
|--|---|-----------------------|-----------|
| Assets | | | |
| Cash and other liquid assets | 9,882.6 | 74.9 | |
| Securities purchased under agreements to resell | 975.4 | - | |
| Placements with banks and similar financial institutions | 7,266.6 | 18,050.2 | |
| Financial assets at fair value through profit and loss | 328.4 | 328.4 | |
| Investment securities | 7,279.4 | 7,283.0 | |
| Loans and advances to banks and non-banks | 15,402.3 | 15,585.2 | |
| Other assets | 1,756.8 | 1,756.8 | |
| Total assets | 42,891.5 | 43,078.5 | |
| Liabilities | | | |
| Deposits from banks | 1,665.2 | 7,570.4 | |
| Deposits from customers | 28,195.2 | 22,290.1 | |
| Securities sold under agreements to repurchase | 1,848.8 | 1,848.8 | |
| Senior term financing | 5,573.9 | 5,573.9 | |
| Other liabilities | 1,692.6 | 1,679.3 | |
| Subordinated term financing | 399.3 | - | |
| Total liabilities | 39,375.0 | 38,962.4 | |
| Shareholders' Equity | | | |
| Paid up share capital | 2,000.0 | 2,000.0 | |
| of which amount eligible for CET1 | - | 2,000.0 | |
| of which amount eligible for AT1 | - | - | |
| Reserves | 222.9 | 222.9 | |
| Retained earnings | 252.6 | 252.6 | A |
| Tier 2 capital instruments | - | 399.3 | |
| Expected Credit Losses | - | 200.2 | B |
| Equity attributable to the shareholders of the Bank | 2,475.5 | 3,075.0 | |
| Non-controlling interest | 1,041.0 | 1,041.0 | |
| of which amount eligible for CET1 | - | 611.8 | |
| of which amount eligible for AT1 | - | 102.0 | |
| of which amount eligible for T2 | - | 272.7 | |
| of which amount ineligible | - | 54.6 | |
| Total equity | 3,516.5 | 4,116.0 | |
| Total liabilities & shareholders' equity | 42,891.5 | 43,078.5 | |

Step 3: Composition of Capital Disclosures template as at 31 December 2024

| 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 |
|---|--|--|
| 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 | 2,000.0 |
| 2. | Retained earnings | 252.6 ^A |
| 3. | Accumulated other comprehensive income (and other reserves) | 283.5 |
| 4. | <i>Not Applicable</i> | |
| 5. | Common share capital issued by subsidiaries and held by third parties (amount allowed in group CET1) | 611.8 |
| 6. | Common Equity Tier 1 capital before regulatory adjustments | 3,147.9 |
| 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) | 44.3 |
| 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 | 29.1 |
| 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 | 73.4 |
| 29. | Common Equity Tier 1 capital (CET1) | 3,074.6 |
| 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 | 102.0 |
| 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) | 102.0 |
| 45. | Tier 1 capital (T1 = CET1 + AT1) | 3,176.5 |

| 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) | 272.7 |
| 49. <i>of which: instruments issued by subsidiaries subject to phase out</i> | |
| 50. Provisions | 200.2 |
| 51. Tier 2 capital before regulatory adjustments | 472.9 |
| 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) | 472.9 |
| 59. Total capital (TC = T1 + T2) | 3,649.5 |
| 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) | |
| <u>OF WHICH:</u> 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 | 23,402.5 |
| Capital ratios | |
| 61. Common Equity Tier 1 (as a percentage of risk weighted assets) | 13.1% |
| 62. Tier 1 (as a percentage of risk weighted assets) | 13.6% |
| 63. Total capital (as a percentage of risk weighted assets) | 15.6% |
| 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) | 13.1% |
| 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) | 200.2 |
| 77. Cap on inclusion of provisions in Tier 2 under standardised approach | 267.9 |
| 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> | |

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) | 3,649.5 |
| 9. | Par value of instrument | 2,000.0 |
| 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> | NA |
| 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 |

Leverage Ratio:

The leverage ratio serves as a supplementary measure to the risk-based capital requirements. The leverage ratio is computed on a consolidated basis and Bahraini conventional bank licensees must meet a 3.0% leverage ratio minimum requirement at all times.

Leverage Ratio components:

| | US\$ millions |
|----------------|----------------------|
| Tier 1 capital | 3,176.5 |
| Total exposure | 48,553.2 |
| Leverage ratio | 6.5% |