

Ahli United Bank B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 SEPTEMBER 2015



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REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AHLI UNITED BANK B.S.C.

Introduction

We have reviewed the accompanying interim condensed consolidated financial statements of Ahli United Bank B.S.C. (the "Bank") and its subsidiaries (the "Group") as at 30 September 2015, comprising of the interim consolidated balance sheet as at 30 September 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and condensed cash flows for the nine-month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Accounting Standard IAS 34 Interim Financial Reporting ("IAS 34"). Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IAS 34.

28 October 2015
Manama, Kingdom of Bahrain

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine months ended 30 September 2015 (Reviewed)

	Note	<i>Three months ended</i>		<i>Nine months ended</i>	
		<i>30 September</i>		<i>30 September</i>	
		<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
		<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Interest income		309,719	304,546	891,107	890,242
Interest expense		96,608	107,567	286,283	311,567
Net interest income		213,111	196,979	604,824	578,675
Fees and commissions		33,050	33,008	118,161	111,468
Trading income		7,518	10,399	23,861	24,649
Net gains on investments		37,269	796	45,828	24,189
Share of profit from associates and joint venture		6,747	5,698	21,821	18,181
Other operating income		8,297	7,190	20,831	21,439
Fees and other income		92,881	57,091	230,502	199,926
OPERATING INCOME		305,992	254,070	835,326	778,601
Net provision for loan losses and others		38,991	30,252	85,826	88,686
Provision for investments		22,368	7,166	23,249	11,367
NET OPERATING INCOME	3	244,633	216,652	726,251	678,548
Staff costs		47,548	43,023	136,985	129,071
Depreciation		4,787	5,949	15,538	17,353
Other operating expenses		24,540	26,485	76,945	78,385
OPERATING EXPENSES		76,875	75,457	229,468	224,809
PROFIT BEFORE TAX		167,758	141,195	496,783	453,739
Tax expense		12,764	13,897	38,122	37,685
NET PROFIT FOR THE PERIOD		154,994	127,298	458,661	416,054
Net profit attributable to non-controlling interest		14,138	13,472	39,436	39,722
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK		140,856	113,826	419,225	376,332
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD					
Basic & diluted earnings per ordinary share (US cents)	4	2.2	1.8	6.5	6.0

Hamad M. Al-Humaidhi
Chairman

Mohammad J. Al-Marzooq
Deputy Chairman

Adel A. El-Labban
Group Chief Executive Officer
& Managing Director

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 30 September 2015 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Net profit for the period	154,994	127,298	458,661	416,054
Other comprehensive income (OCI)				
Items that will not be reclassified to consolidated statement of income				
Net change in fair value of financial assets measured at fair value through OCI	(12,241)	(14,239)	(9,647)	(15,114)
Net change in pension fund reserve	(2,537)	(10,025)	5,818	(14,717)
Net change in property revaluation reserve on sale of property	-	-	(2,239)	-
Items that may be reclassified subsequently to consolidated statement of income				
Foreign currency translation adjustments	(7,676)	(27,885)	(79,261)	(38,669)
Net change in fair value of cash flow hedges	(11,991)	514	(5,853)	(11,352)
Other comprehensive income for the period	(34,445)	(51,635)	(91,182)	(79,852)
Total comprehensive income for the period	120,549	75,663	367,479	336,202
Total comprehensive income attributable to non-controlling interest	10,569	3,819	23,562	31,446
Total comprehensive income attributable to owners of the Bank	109,980	71,844	343,917	304,756

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED BALANCE SHEET

30 September 2015 (Reviewed)

(Audited)
30 September **31 December**
2015 **2014**
US\$ '000 **US\$ '000**

ASSETS

Cash and balances with central banks	1,840,841	649,212
Treasury bills and deposits with central banks	2,236,668	2,611,085
Deposits with banks	3,147,220	3,823,517
Loans and advances	19,015,146	18,464,536
Non-trading investments	5,726,144	5,771,902
Investment in associates and joint venture	307,964	288,315
Investment properties	204,584	254,490
Premises and equipment	232,832	267,002
Interest receivable and other assets	514,344	672,890
Goodwill and other intangible assets	572,228	641,939
TOTAL ASSETS	33,797,971	33,444,888

LIABILITIES AND EQUITY

LIABILITIES

Deposits from banks	4,209,737	4,499,672
Borrowings under repurchase agreements	830,352	901,590
Customers' deposits	23,392,550	23,006,768
Interest payable and other liabilities	815,291	854,993
Subordinated liabilities	10 272,847	351,646
TOTAL LIABILITIES	29,520,777	29,614,669

EQUITY

Ordinary share capital	1,623,030	1,530,471
Treasury shares	(7,309)	(3,997)
Perpetual Tier 1 Capital Securities	11 400,000	-
Reserves	1,804,684	1,864,400
Equity attributable to the owners and capital securities issued	3,820,405	3,390,874
Non - controlling interest	456,789	439,345
TOTAL EQUITY	4,277,194	3,830,219
TOTAL LIABILITIES AND EQUITY	33,797,971	33,444,888

Hamad M. Al-Humaidhi
Chairman

Mohammad J. Al-Marzooq
Deputy Chairman

Adel A. El-Labban
Group Chief Executive Officer
& Managing Director

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2015 (Reviewed)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net cash from (used in) operating activities	201,607	(722,176)
Net cash from investing activities	173,837	95,474
Net cash used in financing activities	(16,984)	(483,409)
Effect of exchange rate fluctuation on cash and cash equivalents	(53,046)	(38,669)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	305,414	(1,148,780)
Cash and cash equivalents at 1 January	3,423,375	4,174,706
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3,728,789	3,025,926
Comprising:		
Cash and balances with central banks, excluding mandatory reserve deposits	1,082,360	520,413
Deposits with banks with an original maturity of three months or less	2,646,429	2,505,513
	3,728,789	3,025,926

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2015 (Reviewed)

Atributable to the owners and capital securities issued

Reserves

	Ordinary share capital US\$ '000	Treasury shares US\$ '000	Perpetual Tier 1 Capital Securities US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Other reserves (note 7) US\$ '000	Total reserves US\$ '000	Non-controlling interest US\$ '000	Total US\$ '000
Balance at 31 December 2014	1,530,471	(3,997)	-	719,481	344,067	683,357	271,452	(153,957)	1,864,400	439,345	3,830,219
Donations	-	-	-	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Bonus shares issued	76,524	-	-	-	-	(76,524)	-	-	(76,524)	-	-
Additional shares issued	16,035	-	-	19,806	-	-	-	-	19,806	-	35,841
Purchase of treasury shares	-	(3,312)	-	-	-	-	-	-	-	-	(3,312)
Transfer from OCI reserve	-	-	-	-	-	(79,760)	-	-	(79,760)	-	(79,760)
Transfer of property revaluation reserve on sale of property	-	-	-	-	-	1,818	-	-	1,818	-	1,818
Perpetual Tier 1 Capital Securities issued	-	-	400,000	-	-	-	-	-	-	-	400,000
Expenses related to Perpetual Tier 1 Capital Securities issued	-	-	-	-	-	(2,271)	-	-	(2,271)	-	(2,271)
Ordinary share dividend paid	-	-	-	-	-	183	(270,452)	-	(270,269)	-	(270,269)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(15,704)	(15,704)
Movement in subsidiaries	-	-	-	494	-	-	-	-	494	9,586	10,080
Fair value amortisation of share based transactions	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income for the period	-	-	-	-	-	419,225	-	4,073	4,073	23,562	367,479
Balance at 30 September 2015	1,623,030	(7,309)	400,000	739,781	344,067	946,028	-	(225,192)	1,804,684	456,789	4,277,194

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2015 (Reviewed)

Attributable to the owners and capital securities issued

	Reserves										Total
	Ordinary share capital US\$ '000	Treasury shares US\$ '000	Preference share capital US\$ '000	Share premium US\$ '000	Statutory reserve US\$ '000	Retained earnings US\$ '000	Proposed appropriations US\$ '000	Other reserves (note 7) US\$ '000	Total reserves US\$ '000	Non-controlling interest US\$ '000	
Balance at 31 December 2013	1,415,570	(20,710)	12,500	648,169	295,814	592,001	255,713	(50,233)	1,741,464	416,279	3,565,103
Mandatorily convertible preference shares dividend paid	-	-	-	-	-	-	(3,217)	-	(3,217)	-	(3,217)
Donations	-	-	-	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Bonus shares issued	71,468	-	-	-	-	(71,468)	-	-	(71,468)	-	-
Purchase of treasury shares	-	(3,682)	-	-	-	-	-	-	-	-	(3,682)
Ordinary shares issued on conversion of Class B preference shares	13,781	-	(12,500)	(1,281)	-	-	-	-	(1,281)	-	-
Ordinary share dividend paid	-	-	-	-	-	-	(251,496)	-	(251,496)	-	(251,496)
Dividends of subsidiaries	-	-	-	-	-	-	-	-	-	(20,856)	(20,856)
Additional acquisition in a subsidiary	-	-	-	2,245	-	-	-	-	2,245	12,102	14,347
Fair value amortisation of share based transactions	-	-	-	-	-	-	-	3,198	3,198	-	3,198
Sale of treasury shares	-	20,710	-	-	-	-	-	6,376	6,376	-	27,086
Total comprehensive income for the period	-	-	-	-	-	376,332	-	(71,576)	304,756	31,446	336,202
Balance at 30 September 2014	1,500,819	(3,682)	-	649,133	295,814	896,865	-	(112,235)	1,729,577	438,971	3,665,685

The attached notes 1 to 11 form part of these interim condensed consolidated financial statements

1 CORPORATE INFORMATION

Ahli United Bank B.S.C. ("the Bank") was incorporated in the Kingdom of Bahrain on 31 May 2000 originally as a closed company and changed on 12 July 2000 to a public shareholding company by Amiri Decree number 16/2000. The Bank and its subsidiaries (collectively known as "the Group") are engaged in retail, commercial, Islamic and investment banking business, global fund management and private banking services through 104 branches, as at 30 September 2015, in the Kingdom of Bahrain (21 branches), the State of Kuwait (37 branches), the Arab Republic of Egypt (35 branches), Republic of Iraq (10 branches) and the United Kingdom (1 branch). It also operates through its managed associates in the Sultanate of Oman (20 branches) and Libya (12 branches) with a total network of 32 branches as at 30 September 2015.

2 BASIS OF PREPARATION AND ACCOUNTING POLICIES

The interim condensed consolidated financial statements of the Bank and the Group are prepared in accordance with International Accounting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the new and amended International Financial Reporting Standards ("IFRS") that have become effective from 1 January 2015 and which are applicable to the Group:

- IAS 19 Defined Benefit Plans: Employee Contributions (Amendment)
- Annual Improvements 2010-2012 Cycle (IFRS 2 Share-based Payment, IFRS 3 Business Combinations, IFRS 8 Operating Segments, IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets)
- Annual Improvements 2011-2013 Cycle (IFRS 3 Business Combinations, IFRS 13 Fair Value Measurement, IAS 40 Investment Property)

The above amendments to IFRSs which are effective for annual accounting periods starting from 1 January 2015 did not have any material impact on the accounting policies, financial position or performance of the Group.

The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2015 were authorised for issue in accordance with a resolution of the Directors dated 28 October 2015.

3 NET OPERATING INCOME

Net operating income includes income amounting to US\$ 39,953 thousand for the nine months ended 30 September 2015 (30 September 2014: US\$ 12,399 thousand) which are of a seasonal nature.

4 EARNINGS PER ORDINARY SHARE

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2015</i>	<i>2014</i>	<i>2015</i>	<i>2014</i>
Net profit for the period attributable to owners of the Bank for basic and diluted earnings per share computation (US\$ '000)	140,856	113,826	419,225	376,332
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in million)	6,421	6,302	6,421	6,302
Basic & diluted earnings per ordinary share (US cents)	2.2	1.8	6.5	6.0
Issued and fully paid ordinary shares of US\$ 0.25 each (in million)			6,492	6,003
Number of treasury shares (in million)			9.4	4.6

5 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>(Audited)</i>
	<i>30 September 2015</i>
	<i>31 December 2014</i>
	<i>US\$ '000</i>
	<i>US\$ '000</i>
Guarantees	2,237,158
Acceptances	130,272
Letters of credit	680,295
	<u>3,047,725</u>
	<u>3,087,397</u>

6 SEGMENT INFORMATION

For management reporting purposes the Group is organised into four major business segments:

- Retail banking
- Corporate banking
- Treasury and investments
- Private banking

Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate, which approximates the cost of funds.

Segmental information for the period was as follows:

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Treasury & investments</i>	<i>Private banking</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Nine months ended 30 September 2015:					
Net interest income	123,070	250,848	194,863	36,043	604,824
Fees and commissions	25,945	64,386	8,350	19,480	118,161
Share of profit from associates and joint venture	6,872	8,120	6,829	-	21,821
Other operating income	759	2,905	86,555	301	90,520
OPERATING INCOME	<u>156,646</u>	<u>326,259</u>	<u>296,597</u>	<u>55,824</u>	<u>835,326</u>
Net impairment provisions	7,125	78,509	23,249	192	109,075
NET OPERATING INCOME	<u>149,521</u>	<u>247,750</u>	<u>273,348</u>	<u>55,632</u>	<u>726,251</u>
Operating expenses	82,148	50,619	69,693	27,008	229,468
PROFIT BEFORE TAX	<u>67,373</u>	<u>197,131</u>	<u>203,655</u>	<u>28,624</u>	<u>496,783</u>
Tax expense					38,122
NET PROFIT FOR THE PERIOD					<u>458,661</u>
Less : Non - controlling interest					39,436
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					<u>419,225</u>

6 SEGMENT INFORMATION (Continued)

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Treasury & investments</i>	<i>Private banking</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Nine months ended 30 September 2014:					
Net interest income	113,740	244,074	181,863	38,998	578,675
Fees and commissions	26,615	62,609	5,405	16,839	111,468
Share of profit from associates and joint venture	4,910	7,272	5,999	-	18,181
Other operating income	1,260	2,017	66,849	151	70,277
OPERATING INCOME	146,525	315,972	260,116	55,988	778,601
Net impairment provisions	5,794	80,570	11,367	2,322	100,053
NET OPERATING INCOME	140,731	235,402	248,749	53,666	678,548
Operating expenses	81,165	53,580	61,720	28,344	224,809
PROFIT BEFORE TAX	59,566	181,822	187,029	25,322	453,739
Tax expense					37,685
NET PROFIT FOR THE PERIOD					416,054
Less : Non-controlling interest					39,722
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					376,332

7 MOVEMENT IN OTHER RESERVES

	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			Total other reserves
				OCI reserve	Cash flow hedge reserve	Pension fund reserve	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2015	8,480	37,029	(121,966)	(9,689)	(25,091)	4,262	(153,957)
Currency translation adjustments	-	(233)	(63,942)	-	-	-	(64,175)
Transfers to consolidated statement of income	-	-	-	-	1,521	-	1,521
Net fair value movements during the period	-	-	-	(89,040)	(7,374)	4,073	(92,341)
Transfers to retained earnings	-	(1,818)	-	79,760	-	-	77,942
Fair value movements in pension fund reserve during the period	-	-	-	-	-	5,818	5,818
Balance at 30 September 2015	8,480	34,978	(185,908)	(18,969)	(30,944)	8,335	(225,192)

	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			Total other reserves
				OCI reserve	Cash flow hedge reserve	Pension fund reserve	
	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Balance at 1 January 2014	2,102	36,497	(74,507)	20,414	(6,012)	-	(50,233)
Currency translation adjustments	-	(7)	(31,183)	-	-	-	(31,190)
Transfers to consolidated statement of income	-	-	-	-	582	-	582
Sale of treasury shares	6,376	-	-	-	-	-	6,376
Net fair value movements during the period	-	-	-	(14,317)	(11,934)	3,198	(23,053)
Fair value movements in pension fund reserve during the period	-	-	-	-	-	(14,717)	(14,717)
Balance at 30 September 2014	8,478	36,490	(105,690)	6,097	(17,364)	3,198	(112,235)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015 (Reviewed)

8 FAIR VALUE MEASUREMENT

The fair value of financial assets and financial liabilities, with the exception of non-trading investments that are carried at amortised cost, approximate their carrying values. The fair value of the non-trading investments held at amortised cost is US\$ 5,630.9 million as at 30 September 2015 (31 December 2014: US\$ 5,646.1 million). Carrying value of these non-trading investments is US\$ 5,697.3 million as at 30 September 2015 (31 December 2014: US\$ 5,605.6 million).

The Group's primary financial liabilities are the subordinated liabilities. The fair values of these financial liabilities are not materially different from their carrying values, since these liabilities are repriced at intervals of three or six months, depending on the terms and conditions of the instrument and the resultant applicable margins approximate the current spreads that would apply for borrowings with similar maturities.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:-

Level 1 : Quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2 : Other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3 : Techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

	<i>30 September 2015</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Financial assets at Fair value	28,551	150,706	57,104	236,361
Derivative assets	54,864	23,055	-	77,919
Derivative liabilities	(71,666)	(152,851)	-	(224,517)
	<i>31 December 2014</i>			
	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>	<i>Total</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
Financial assets at Fair value	52,907	257,938	67,728	378,573
Derivative assets	162,546	56,437	-	218,983
Derivative liabilities	(100,857)	(169,527)	-	(270,384)

During nine month period ended 30 September 2015 and 30 September 2014 there have been no transfers between Levels 1, 2 and 3.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2015 (Reviewed)

9 RELATED PARTY TRANSACTIONS

The Group enters into transactions with major shareholders, associates, directors, senior management and companies which are controlled, jointly controlled or significantly influenced by such parties in the ordinary course of business at arm's length. All the loans and advances to related parties are performing and are free of any provision for possible loan losses.

The income, expense and the period end balances in respect of related parties included in the consolidated financial statements were as follows:

	2015			
	US\$ '000			
	Major shareholders	Associates	Directors and senior management	Total
<i>For the nine months ended 30 September 2015</i>				
Interest income	-	1,575	4,799	6,374
Interest expense	40,145	48	26	40,219
Fees and commissions	-	2,450	243	2,693
<i>As of 30 September 2015</i>				
Deposits with banks	-	185,858	-	185,858
Loans and advances	-	-	156,443	156,443
Deposits from banks	-	21,077	-	21,077
Customers' deposits	5,621,725	4,175	37,730	5,663,630
Subordinated liabilities	253,363	-	-	253,363
Derivatives assets	-	198	-	198
Contingent liabilities	-	125,682	127,769	253,451
<hr/>				
	2014			
	US\$ '000			
	Major shareholders	Associates	Directors and senior management	Total
<i>For the nine months ended 30 September 2014</i>				
Interest income	-	615	6,065	6,680
Interest expense	34,501	21	217	34,739
Fees and commissions	-	1,137	32	1,169
<i>As of 31 December 2014</i>				
Deposits with banks	-	448,038	-	448,038
Loans and advances	-	-	201,315	201,315
Deposits from banks	-	15,241	-	15,241
Customers' deposits	5,620,379	7,501	45,340	5,673,220
Subordinated liabilities	264,614	-	-	264,614
Derivatives assets	-	96	-	96
Contingent liabilities	-	64,738	178,818	243,556

10 SUBORDINATED LIABILITIES

Under the terms of the Issue, the Bank redeemed Tier II Non-cumulative Step-Up Floating Rate Notes with a residual outstanding of US\$ 67.5 million on 2 June 2015 ahead of its maturity on 2 December 2015.

11 PERPETUAL TIER 1 CAPITAL SECURITIES

During the nine months period ended 30 September 2015, the Bank completed an issue of US\$ 400 million Basel III compliant Additional Tier I Perpetual Capital Securities. These securities are recognised under equity in the consolidated balance sheet and the corresponding coupon on those securities are accounted as appropriation of profits. Expenses relating to this issuance have been included in retained earnings.