

Ahli United Bank B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 JUNE 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 June 2015, comprising of the interim consolidated balance sheet as at 30 June 2015 and the related interim consolidated statements of income, comprehensive income, changes in equity and condensed cash flows for the six-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.

4 August 2015
Manama, Kingdom of Bahrain

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2015 (Reviewed)

	Note	Three months ended 30 June		Six months ended 30 June	
		2015	2014	2015	2014
		US\$ '000	US\$ '000	US\$ '000	US\$ '000
Interest income		294,904	297,751	581,388	585,696
Interest expense		93,995	105,534	189,675	204,000
Net interest income		200,909	192,217	391,713	381,696
Fees and commissions		43,659	39,214	85,111	78,460
Trading income		5,346	2,731	16,343	14,250
Net gains on investments		2,677	13,822	8,559	23,392
Share of profit from associates and joint venture		7,220	5,614	15,074	12,483
Other operating income	3	5,640	7,969	12,534	14,249
Fees and other income		64,542	69,350	137,621	142,834
OPERATING INCOME		265,451	261,567	529,334	524,530
Net provision for loan losses and others		34,829	38,552	46,835	58,434
Provision for investments		(1,329)	-	881	4,200
NET OPERATING INCOME		231,951	223,015	481,618	461,896
Staff costs		44,713	42,976	89,437	86,048
Depreciation		5,194	5,780	10,751	11,404
Other operating expenses		27,583	27,361	52,405	51,900
OPERATING EXPENSES		77,490	76,117	152,593	149,352
PROFIT BEFORE TAX		154,461	146,898	329,025	312,544
Tax expense		13,662	12,297	25,358	23,788
NET PROFIT FOR THE PERIOD		140,799	134,601	303,667	288,756
Net profit attributable to non-controlling interest		9,613	8,655	25,298	26,250
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK		131,186	125,946	278,369	262,506
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD					
Basic & diluted earnings per ordinary share (US cents)	4	2.0	2.0	4.3	4.2

Hamad M. Al-Humaidhi
Chairman

Mohammad J. Al-Marzooq
Deputy Chairman

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

attached notes 1 to 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Six months ended 30 June 2015 (Reviewed)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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	140,799	134,601	303,667	288,756
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	(1,514)	2,928	2,594	(875)
Net change in pension fund reserve	8,446	(1,232)	8,355	(4,692)
Net change in property revaluation reserve on sale of property	(551)	-	(2,239)	-
Items that may be reclassified subsequently to consolidated statement of income				
Foreign currency translation adjustments	(6,458)	(10,103)	(71,585)	(10,784)
Net change in fair value of cash flow hedges	7,583	(12,860)	6,138	(11,866)
Other comprehensive income for the period	7,506	(21,267)	(56,737)	(28,217)
Total comprehensive income for the period	148,305	113,334	246,930	260,539
Total comprehensive income attributable to non-controlling interest	8,698	7,259	12,993	27,627
Total comprehensive income attributable to owners of the Bank	139,607	106,075	233,937	232,912

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED BALANCE SHEET

30 June 2015 (Reviewed)

		<i>(Audited)</i>
	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
ASSETS		
Cash and balances with central banks	897,099	649,212
Treasury bills and deposits with central banks	2,316,841	2,611,085
Deposits with banks	3,128,648	3,823,517
Loans and advances	18,572,056	18,464,536
Non-trading investments	5,755,219	5,771,902
Investment in associates and joint venture	302,150	288,315
Investment properties	241,857	254,490
Premises and equipment	233,743	267,002
Interest receivable and other assets	703,666	672,890
Goodwill and other intangible assets	595,084	641,939
TOTAL ASSETS	32,746,363	33,444,888
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from banks	4,851,568	4,499,672
Borrowings under repurchase agreements	207,582	901,590
Customers' deposits	22,451,591	23,006,768
Interest payable and other liabilities	844,668	854,993
Subordinated liabilities	10 273,075	351,646
TOTAL LIABILITIES	28,628,484	29,614,669
EQUITY		
Ordinary share capital	1,606,995	1,530,471
Treasury shares	(7,309)	(3,997)
Perpetual Tier 1 Capital Securities	11 400,000	-
Reserves	1,671,973	1,864,400
Equity attributable to the owners and capital securities issued	3,671,659	3,390,874
Non - controlling interest	446,220	439,345
TOTAL EQUITY	4,117,879	3,830,219
TOTAL LIABILITIES AND EQUITY	32,746,363	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 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2015 (Reviewed)

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net cash from operating activities	766,685	332,880
Net cash from investing activities	65,658	148,874
Net cash used in financing activities	(14,986)	(448,073)
Effect of exchange rate fluctuation on cash and cash equivalents	(43,805)	(10,784)
INCREASE IN CASH AND CASH EQUIVALENTS	773,552	22,897
Cash and cash equivalents at 1 January	3,423,375	4,174,706
CASH AND CASH EQUIVALENTS AT 30 JUNE	4,196,927	4,197,603
Comprising:		
Cash and balances with central banks, excluding mandatory reserve deposits	426,109	488,047
Deposits with banks with an original maturity of three months or less	3,770,818	3,709,556
	4,196,927	4,197,603

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015 (Reviewed)

	Attributable 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	(153,937)	1,864,400	439,345	3,830,219
Donations	-	-	-	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Bonus shares issued	76,524	-	-	-	-	(76,524)	-	-	(76,524)	-	-
Purchase of treasury shares	-	(3,312)	-	-	-	-	-	-	-	-	(3,312)
Transfer from OCI reserve	-	-	-	-	-	(79,179)	-	-	(79,179)	-	(79,179)
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)
Additional acquisition in subsidiaries	-	-	-	-	-	-	-	-	-	9,586	9,586
Four value amortisation of share based transactions	-	-	-	-	-	-	-	1,061	1,061	-	1,061
Total comprehensive income for the period	-	-	-	-	-	278,369	-	(44,432)	233,937	12,993	246,930
Balance at 30 June 2015	1,606,995	(7,309)	400,000	719,481	344,067	805,753	-	(197,328)	1,671,973	446,220	4,117,879

The attached notes 1 to 12 form part of these interim condensed consolidated financial statements

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2015 (Reviewed)

	Attributable to the owners and capital securities issued										
	Ordinary share capital USS '000	Treasury shares USS '000	Preference share capital USS '000	Share premium USS '000	Statutory reserve USS '000	Retained earnings USS '000	Proposed appropriations USS '000	Other reserves (note 7) USS '000	Total reserves USS '000	Non-controlling interest USS '000	Total USS '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)	-	-
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)
Fair value amortisation of share based transactions	-	-	-	-	-	-	-	2,132	2,132	-	2,132
Sale of treasury shares	-	20,710	-	-	-	-	-	6,376	6,376	-	27,086
Total comprehensive income for the period	-	-	-	-	-	262,506	-	(29,594)	232,912	27,627	260,539
Balance at 30 June 2014	1,500,819	-	-	646,888	295,814	783,039	-	(71,319)	1,654,422	423,050	3,578,291

The attached notes 1 to 12 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 June 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 June 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 six-month period ended 30 June 2015 were authorised for issue in accordance with a resolution of the Directors dated 4 August 2015.

3 OTHER OPERATING INCOME

Other operating income includes income amounting to US\$ 8,508 thousand for the six months ended 30 June 2015 (30 June 2014: US\$ 9,131 thousand) which is of a seasonal nature.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015 (Reviewed)

4 EARNINGS PER ORDINARY SHARE

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</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)	131,186	125,946	278,369	262,506
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (million)	6,420	6,303	6,420	6,303
Basic & diluted earnings per ordinary share (US cents)	2.0	2.0	4.3	4.2
Issued and fully paid ordinary shares of US\$ 0.25 each (in million)			6,428	6,003
Number of treasury shares (in million)			9.4	-

5 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>(Audited)</i>	
	<i>30 June</i>	<i>31 December</i>
	<i>2015</i>	<i>2014</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Guarantees	2,156,313	1,991,159
Acceptances	140,843	173,430
Letters of credit	893,219	922,808
	3,190,375	3,087,397

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.

6 SEGMENT INFORMATION (continued)

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>
Six months ended 30 June 2015:					
Net interest income	80,551	162,663	124,185	24,314	391,713
Fees and commissions	18,090	46,232	5,567	15,222	85,111
Share of profit from associates and joint venture	4,610	5,641	4,823	-	15,074
Other operating income	434	1,456	35,138	408	37,436
OPERATING INCOME	103,685	215,992	169,713	39,944	529,334
Net impairment provisions	2,854	43,958	881	23	47,716
NET OPERATING INCOME	100,831	172,034	168,832	39,921	481,618
Operating expenses	57,114	33,572	43,576	18,331	152,593
PROFIT BEFORE TAX	43,717	138,462	125,256	21,590	329,025
Tax expense					25,358
NET PROFIT FOR THE PERIOD					303,667
Less : Non - controlling interest					25,298
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					278,369

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>
Six months ended 30 June 2014:					
Net interest income	72,873	153,759	129,030	26,034	381,696
Fees and commissions	18,963	43,026	5,011	11,460	78,460
Share of profit from associates and joint venture	3,014	4,776	4,693	-	12,483
Other operating income	402	4,735	46,540	214	51,891
OPERATING INCOME	95,252	206,296	185,274	37,708	524,530
Net impairment provisions	3,605	52,294	4,200	2,535	62,634
NET OPERATING INCOME	91,647	154,002	181,074	35,173	461,896
Operating expenses	53,298	31,090	45,720	19,244	149,352
PROFIT BEFORE TAX	38,349	122,912	135,354	15,929	312,544
Tax expense					23,788
NET PROFIT FOR THE PERIOD					288,756
Less : Non-controlling interest					26,250
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					262,506

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 2015 (Reviewed)

7 MOVEMENT IN OTHER RESERVES

	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			Pension fund reserve	Total other reserves
				OCI reserve	Cash flow hedge reserve	ESPP reserve		
	US\$ '000	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	(46,982)	(153,957)
Currency translation adjustments	-	(233)	(58,447)	-	-	-	-	(58,680)
Transfers to consolidated statement of income	-	-	-	-	1,504	-	-	1,504
Sale of treasury shares	-	-	-	-	-	-	-	-
Net fair value movements during the period	-	-	-	(77,606)	4,634	1,061	-	(71,911)
Transfers to retained earnings	-	(1,818)	-	79,179	-	-	-	77,361
Fair value movements in pension fund reserve during the period	-	-	-	-	-	-	8,355	8,355
Balance at 30 June 2015	8,480	34,978	(180,413)	(8,116)	(18,953)	5,323	(38,627)	(197,328)

	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			Pension fund reserve	Total other reserves
				OCI reserve	Cash flow hedge reserve	ESPP reserve		
	US\$ '000	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)	-	(28,727)	(50,233)
Currency translation adjustments	-	-	(9,972)	-	-	-	-	(9,972)
Transfers to consolidated statement of income	-	-	-	-	582	-	-	582
Sale of treasury shares	6,376	-	-	-	-	-	-	6,376
Net fair value movements during the period	-	-	-	(3,064)	(12,448)	2,132	-	(13,380)
Fair value movements in pension fund reserve during the period	-	-	-	-	-	-	(4,692)	(4,692)
Balance at 30 June 2014	8,478	36,497	(84,479)	17,350	(17,878)	2,132	(33,419)	(71,319)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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\$ 5,743.6 million as at 30 June 2015 (31 December 2014: US\$ 5,646.1 million). Carrying value of these non-trading investments is US\$ 5,680.3 million as at 30 June 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.

	30 June 2015			
	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
Financial assets at Fair value	35,548	157,927	60,275	253,750
Derivative assets	247,359	19,328	-	266,687
Derivative liabilities	(181,217)	(114,015)	-	(295,232)

	31 December 2014			
	Level 1	Level 2	Level 3	Total
	US\$ '000	US\$ '000	US\$ '000	US\$ '000
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 six month period ended 30 June 2015 and 30 June 2014 there have been no transfers between Levels 1, 2 and 3.

Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 June 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			
	<i>US\$ '000</i>			
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<i>For the six months ended 30 June 2015</i>				
Interest income	-	1,073	3,214	4,287
Interest expense	26,253	35	17	26,305
Fees and commissions	-	1,904	78	1,982
<i>As of 30 June 2015</i>				
Deposits with banks	-	207,240	-	207,240
Loans and advances	-	-	151,977	151,977
Deposits from banks	-	26,753	-	26,753
Customers' deposits	6,360,378	6,389	29,093	6,395,860
Subordinated liabilities	253,563	-	-	253,563
Derivatives liabilities	-	870	-	870
Contingent liabilities	-	135,160	133,976	269,136
2014				
<i>US\$ '000</i>				
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<i>For the six months ended 30 June 2014</i>				
Interest income	-	269	4,040	4,309
Interest expense	23,185	8	137	23,330
Fees and commissions	-	773	26	799
<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

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS

30 June 2015 (Reviewed)

10 SUBORDINATED LIABILITIES

During the six months period ended 30 June 2015, the Bank redeemed a Tier II Non-cumulative Step-Up Floating Rate Notes with a residual outstanding of US\$ 67.5 million carrying a coupon of 1.45% over three months US Dollar LIBOR, payable quarterly, maturing on 2 December 2015.

11 PERPETUAL TIER 1 CAPITAL SECURITIES

During the six months period ended 30 June 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.

12 POST BALANCE SHEET EVENT

Subsequent to the period end, the Group disposed off its investment property in Baker Street, London for a consideration of GBP 91.3 million, resulting in an exceptional non-recurring gain of GBP 51.0 million (approximately US\$ 78.0 million) that will be reported in third-quarter of the year 2015.