

**Ahli United Bank B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**30 JUNE 2016**

## **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 2016, comprising of the interim consolidated balance sheet as at 30 June 2016 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.



3 August 2016  
Manama, Kingdom of Bahrain

# Ahli United Bank B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

Six months ended 30 June 2016 (Reviewed)

	Note	<i>Three months ended 30 June</i>		<i>Six months ended 30 June</i>	
		<i>2016 US\$ '000</i>	<i>2015 US\$ '000</i>	<i>2016 US\$ '000</i>	<i>2015 US\$ '000</i>
Interest income		327,537	294,904	644,241	581,388
Interest expense		121,385	93,995	236,805	189,675
Net interest income		206,152	200,909	407,436	391,713
Fees, commissions and others		59,760	45,713	97,926	89,137
Trading income		6,747	5,346	21,999	16,343
Investment income	3	17,698	13,483	43,501	32,141
Fees and other income		84,205	64,542	163,426	137,621
<b>OPERATING INCOME</b>		<b>290,357</b>	<b>265,451</b>	<b>570,862</b>	<b>529,334</b>
Net provision for loan losses and others		42,086	34,829	44,640	46,835
Net provision for investments		700	(1,329)	6,200	881
<b>NET OPERATING INCOME</b>		<b>247,571</b>	<b>231,951</b>	<b>520,022</b>	<b>481,618</b>
Staff costs		48,180	44,713	98,267	89,437
Depreciation		5,307	5,194	11,347	10,751
Other operating expenses		25,977	27,583	48,787	52,405
<b>OPERATING EXPENSES</b>		<b>79,464</b>	<b>77,490</b>	<b>158,401</b>	<b>152,593</b>
<b>PROFIT BEFORE TAX</b>		<b>168,107</b>	<b>154,461</b>	<b>361,621</b>	<b>329,025</b>
Tax expense		8,375	13,662	27,533	25,358
<b>NET PROFIT FOR THE PERIOD</b>		<b>159,732</b>	<b>140,799</b>	<b>334,088</b>	<b>303,667</b>
Net profit attributable to non-controlling interest		13,140	9,613	32,891	25,298
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>		<b>146,592</b>	<b>131,186</b>	<b>301,197</b>	<b>278,369</b>
<b>EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD</b>					
Basic & diluted earnings per ordinary share (US cents)	4	1.9	1.9	4.2	4.1

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 10 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 2016 (Reviewed)

	<i>Three months ended</i>		<i>Six months ended</i>	
	<i>30 June</i>		<i>30 June</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>Net profit for the period</b>	<b>159,732</b>	<b>140,799</b>	<b>334,088</b>	<b>303,667</b>
<b>Other comprehensive income (OCI)</b>				
<b>Items that will not be reclassified to consolidated statement of income</b>				
Net change in fair value of financial assets measured at fair value through OCI	(817)	(1,514)	(3,518)	2,594
Net change in pension fund reserve	(9,127)	8,446	(13,525)	8,355
Net change in property revaluation reserve on sale of property	-	(551)	-	(2,239)
<b>Items that may be reclassified subsequently to consolidated statement of income</b>				
Foreign currency translation adjustments	5,724	(6,458)	(56,432)	(71,585)
Net change in fair value of cash flow hedges	(8,672)	7,583	(21,872)	6,138
<b>Other comprehensive income for the period</b>	<b>(12,892)</b>	<b>7,506</b>	<b>(95,347)</b>	<b>(56,737)</b>
<b>Total comprehensive income for the period</b>	<b>146,840</b>	<b>148,305</b>	<b>238,741</b>	<b>246,930</b>
Total comprehensive income attributable to non-controlling interest	14,003	8,698	26,045	12,993
<b>Total comprehensive income attributable to owners of the Bank</b>	<b>132,837</b>	<b>139,607</b>	<b>212,696</b>	<b>233,937</b>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements

# Ahli United Bank B.S.C.

## INTERIM CONSOLIDATED BALANCE SHEET

30 June 2016 (Reviewed)

	<i>(Audited)</i>
	<i>30 June</i>
	<i>31 December</i>
	<i>2016</i>
	<i>2015</i>
	<i>US\$ '000</i>
	<i>US\$ '000</i>
<b>ASSETS</b>	
Cash and balances with central banks	1,211,671
Treasury bills and deposits with central banks	2,669,044
Deposits with banks	2,577,693
Loans and advances	19,512,942
Non-trading investments	5,771,058
Investment in associates	315,183
Investment properties	153,770
Premises and equipment	232,765
Interest receivable and other assets	705,742
Goodwill and other intangible assets	553,134
<b>TOTAL ASSETS</b>	<b>33,703,002</b>
<b>LIABILITIES AND EQUITY</b>	
<b>LIABILITIES</b>	
Deposits from banks	4,211,992
Borrowings under repurchase agreements	812,829
Customers' deposits	23,290,454
Interest payable and other liabilities	844,783
Subordinated liabilities	249,901
<b>TOTAL LIABILITIES</b>	<b>29,409,959</b>
<b>EQUITY</b>	
Ordinary share capital	1,709,747
Treasury shares	(11,497)
Perpetual Tier 1 Capital Securities	400,000
Reserves	1,732,163
Equity attributable to the owners and capital securities issued	3,830,413
Non - controlling interest	462,630
<b>TOTAL EQUITY</b>	<b>4,293,043</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>33,703,002</b>

**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 10 form part of these interim condensed consolidated financial statements

## INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Six months ended 30 June 2016 (Reviewed)

	<i>Six months ended</i>	
	<i>30 June</i>	
	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net cash (used in) from operating activities	(1,153,911)	766,685
Net cash (used in) from investing activities	(417,944)	65,658
Net cash used in financing activities	(310,255)	(14,986)
Net foreign exchange difference	(40,316)	(43,805)
<b>(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(1,922,426)</b>	<b>773,552</b>
Cash and cash equivalents at 1 January	3,940,640	3,423,375
<b>CASH AND CASH EQUIVALENTS AT 30 JUNE</b>	<b>2,018,214</b>	<b>4,196,927</b>
<b>Comprising:</b>		
Cash and balances with central banks, excluding mandatory reserve deposits	852,529	426,109
Deposits with banks with an original maturity of three months or less	1,165,685	3,770,818
	<b>2,018,214</b>	<b>4,196,927</b>

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016 (Reviewed)

Attributable to the owners and capital securities issued

	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 2015	1,623,030	(7,309)	400,000	739,781	397,792	694,312	294,099	(223,968)	1,902,016	442,477	4,360,214
Distribution on Perpetual Tier 1 Capital Securities	-	-	-	-	-	(13,750)	-	-	(13,750)	-	(13,750)
Donations	-	-	-	-	-	-	(1,000)	-	(1,000)	-	(1,000)
Bonus shares issued	81,417	-	-	-	-	(81,417)	-	-	(81,417)	-	-
Additional shares issued	5,300	-	-	5,724	-	-	-	-	5,724	-	11,024
Purchase of treasury shares	-	(4,188)	-	-	-	-	-	-	-	-	(4,188)
Transfer from OCI reserve	-	-	-	-	-	(1,777)	-	-	(1,777)	-	(1,777)
Ordinary share dividend paid	-	-	-	-	-	698	(293,099)	-	(292,401)	-	(292,401)
Dividends of subsidiary	-	-	-	-	-	-	-	-	-	(5,892)	(5,892)
Fair value amortisation of share based transactions	-	-	-	-	-	-	-	2,072	2,072	-	2,072
Total comprehensive income for the period	-	-	-	-	-	301,197	-	(88,501)	212,696	26,045	238,741
<b>Balance at 30 June 2016</b>	<b>1,709,747</b>	<b>(11,497)</b>	<b>400,000</b>	<b>745,505</b>	<b>397,792</b>	<b>899,263</b>	<b>-</b>	<b>(310,397)</b>	<b>1,732,163</b>	<b>462,630</b>	<b>4,293,043</b>

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Six months ended 30 June 2016 (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)	-	-
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
Fair 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
<b>Balance at 30 June 2015</b>	<b>1,606,995</b>	<b>(7,309)</b>	<b>400,000</b>	<b>719,481</b>	<b>344,067</b>	<b>805,753</b>	<b>-</b>	<b>(197,328)</b>	<b>1,671,973</b>	<b>446,220</b>	<b>4,117,879</b>

The attached notes 1 to 10 form part of these interim condensed consolidated financial statements



## 1 CORPORATE INFORMATION

The parent company, Ahli United Bank B.S.C. ("AUB" or "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, private banking services and life insurance business through 106 branches, as at 30 June 2016, in the Kingdom of Bahrain (21 branches), the State of Kuwait (37 branches), the Arab Republic of Egypt (36 branches), Republic of Iraq (10 branches), United Arab Emirates (1 branch) and the United Kingdom (1 branch). It also operates through its managed associates in the Sultanate of Oman (20 branches) and Libya (11 branches) with a total network of 31 branches as at 30 June 2016. The Bank operates under a retail banking licence issued by the Central Bank of Bahrain. The Bank's registered office is located at Building 2495, Road 2832, Al Seef District 428, Kingdom of Bahrain.

## 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 2015, except for the adoption of the new and amended International Financial Reporting Standards ("IFRS") that have become effective from 1 January 2016 and which are applicable to the Group:

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Annual Improvements 2012-2014 Cycle

The above amendments to IFRSs which are effective for annual accounting periods starting from 1 January 2016 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 2016 were authorised for issue in accordance with a resolution of the Directors dated 3 August 2016.

## 3 INVESTMENT INCOME

Investment income includes an income amounting to US\$ 8,357 thousand for the six months ended 30 June 2016 (30 June 2015: US\$ 8,508 thousand) which is of a seasonal nature.

30 June 2016 (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>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>	<i>US\$'000</i>
Net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	146,592	131,186	301,197	278,369
(Less): Perpetual Tier 1 Capital Securities distribution	(13,750)	-	(13,750)	-
Adjusted net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	132,842	131,186	287,447	278,369
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in million)	6,820	6,741	6,820	6,741
Basic & diluted earnings per ordinary share (US cents)	1.9	1.9	4.2	4.1
Issued and fully paid ordinary shares of US\$ 0.25 each (in million)			6,839	6,428
Number of treasury shares (in million)			16.3	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>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Guarantees	2,539,705	2,409,041
Acceptances	184,605	128,700
Letters of credit	554,257	600,511
	3,278,567	3,138,252

30 June 2016 (Reviewed)

**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 &amp; 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>
<b>Six months ended 30 June 2016:</b>					
Net interest income	9,908	282,281	89,440	25,807	407,436
Inter segment interest	75,739	(124,413)	47,920	754	-
Fees, commissions and others	18,662	58,308	7,394	13,562	97,926
Trading and investment income	3,629	6,642	55,229	-	65,500
<b>OPERATING INCOME</b>	<b>107,938</b>	<b>222,818</b>	<b>199,983</b>	<b>40,123</b>	<b>570,862</b>
Net impairment provisions	5,193	40,834	6,200	(1,387)	50,840
<b>NET OPERATING INCOME</b>	<b>102,745</b>	<b>181,984</b>	<b>193,783</b>	<b>41,510</b>	<b>520,022</b>
Operating expenses	52,508	37,047	52,312	16,534	158,401
<b>PROFIT BEFORE TAX</b>	<b>50,237</b>	<b>144,937</b>	<b>141,471</b>	<b>24,976</b>	<b>361,621</b>
Tax expense					27,533
<b>NET PROFIT FOR THE PERIOD</b>					<b>334,088</b>
Less : Non - controlling interest					32,891
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>301,197</b>

30 June 2016 (Reviewed)

## 6 SEGMENT INFORMATION (Continued)

	<i>Retail banking</i>	<i>Corporate banking</i>	<i>Treasury &amp; 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>
<b>Six months ended 30 June 2015:</b>					
Net interest income	10,066	272,216	84,294	25,137	391,713
Inter segment Interest	70,485	(109,553)	39,891	(823)	-
Fees, commissions and others	18,524	47,688	7,295	15,630	89,137
Trading and investment income	4,610	5,641	38,233	-	48,484
<b>OPERATING INCOME</b>	<b>103,685</b>	<b>215,992</b>	<b>169,713</b>	<b>39,944</b>	<b>529,334</b>
Net impairment provisions	2,854	43,958	881	23	47,716
<b>NET OPERATING INCOME</b>	<b>100,831</b>	<b>172,034</b>	<b>168,832</b>	<b>39,921</b>	<b>481,618</b>
Operating expenses	57,114	33,572	43,576	18,331	152,593
<b>PROFIT BEFORE TAX</b>	<b>43,717</b>	<b>138,462</b>	<b>125,256</b>	<b>21,590</b>	<b>329,025</b>
Tax expense					25,358
<b>NET PROFIT FOR THE PERIOD</b>					<b>303,667</b>
Less : Non-controlling interest					25,298
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>278,369</b>

30 June 2016 (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 31 December 2015	8,480	36,173	(194,342)	(16,568)	(28,048)	12,587	(42,250)	(223,968)
Currency translation adjustments	-	2	(49,464)	-	-	-	-	(49,462)
Transfers to consolidated statement of income	-	-	-	-	(324)	-	-	(324)
Net fair value movements during the period	-	-	-	(5,419)	(21,548)	-	-	(26,967)
Transfers to retained earnings	-	-	-	1,777	-	-	-	1,777
Fair value movements and others	-	-	-	-	-	2,072	(13,525)	(11,453)
<b>Balance at 30 June 2016</b>	<b>8,480</b>	<b>36,175</b>	<b>(243,806)</b>	<b>(20,210)</b>	<b>(49,920)</b>	<b>14,659</b>	<b>(55,775)</b>	<b>(310,397)</b>

	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 31 December 2014	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
Transfers to retained earnings	-	(1,818)	-	79,179	-	-	-	77,361
Net fair value movements during the period	-	-	-	(77,606)	4,634	1,061	-	(71,911)
Fair value movements and others	-	-	-	-	-	-	8,355	8,355
<b>Balance at 30 June 2015</b>	<b>8,480</b>	<b>34,978</b>	<b>(180,413)</b>	<b>(8,116)</b>	<b>(18,953)</b>	<b>5,323</b>	<b>(38,627)</b>	<b>(197,328)</b>

**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\$ 5,696.6 million as at 30 June 2016 (31 December 2015: US\$ 5,244.2 million). Carrying value of these non-trading investments is US\$ 5,613.5 million as at 30 June 2016 (31 December 2015: US\$ 5,161.7 million).

The Group's primary medium and long-term financial liabilities are 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 June 2016</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>
Equity instruments and funds at fair value	6,685	136,586	29,757	173,028
Derivative assets	-	133,217	-	133,217
Derivative liabilities	-	(218,141)	-	(218,141)
	<i>31 December 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>
Equity instruments and Funds at fair value	11,962	140,347	29,592	181,901
Derivative assets	-	78,652	-	78,652
Derivative liabilities	-	(153,428)	-	(153,428)

During six month period ended 30 June 2016 and 30 June 2015 there have been no transfers between Levels 1, 2 and 3.

30 June 2016 (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 interim consolidated financial statements were as follows:

	<b>2016</b>			
	<i>US\$ '000</i>			
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<b><i>For the six months ended 30 June 2016</i></b>				
Interest income	-	1,566	3,327	4,893
Interest expense	42,204	9	92	42,305
Fees and commissions	-	1,591	170	1,761
<b><i>As of 30 June 2016</i></b>				
Deposits with banks	-	226,775	-	226,775
Loans and advances	-	-	154,618	154,618
Deposits from banks	-	71,454	-	71,454
Customers' deposits	6,024,282	-	28,797	6,053,079
Subordinated liabilities	230,506	-	-	230,506
Derivatives assets	-	23	-	23
Contingent liabilities	-	83,036	127,456	210,492
	<b>2015</b>			
	<i>US\$ '000</i>			
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<b><i>For the six months ended 30 June 2015</i></b>				
Interest income	-	1,073	3,214	4,287
Interest expense	26,253	35	17	26,305
Fees and commissions	-	1,904	78	1,982
<b><i>As of 31 December 2015</i></b>				
Deposits with banks	-	400,585	-	400,585
Loans and advances	-	-	169,642	169,642
Deposits from banks	-	63,895	-	63,895
Customers' deposits	5,922,947	-	31,253	5,954,200
Subordinated liabilities	242,126	-	-	242,126
Derivatives assets	-	119	-	119
Contingent liabilities	-	82,918	144,477	227,395

**10 INVESTMENT IN SUBSIDIARY**

During the period, AUB launched its banking operations in Dubai International Financial Centre (DIFC), UAE through Ahli United Bank Limited (AUBL), a fully owned subsidiary of AUB with an issued paid up capital of USD 25 million.