

Ahli United Bank B.S.C.
INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
30 SEPTEMBER 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 September 2016, comprising of the interim consolidated balance sheet as at 30 September 2016 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.



9 November 2016
Manama, Kingdom of Bahrain

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine months ended 30 September 2016 (Reviewed)

	Note	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</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>
Interest income		349,947	309,719	994,188	891,107
Interest expense		137,666	96,608	374,471	286,283
Net interest income		212,281	213,111	619,717	604,824
Fees, commissions and others		31,341	34,104	129,267	123,240
Trading income		7,996	7,518	29,995	23,861
Investment income	3	9,123	51,259	52,624	83,401
Fees and other income		48,460	92,881	211,886	230,502
OPERATING INCOME		260,741	305,992	831,603	835,326
Net provision for loan losses and others		16,249	38,991	60,889	85,826
Net provision for investments		840	22,368	7,040	23,249
NET OPERATING INCOME		243,652	244,633	763,674	726,251
Staff costs		45,846	47,548	144,113	136,985
Depreciation		5,044	4,787	16,391	15,538
Other operating expenses		25,761	24,540	74,548	76,945
OPERATING EXPENSES		76,651	76,875	235,052	229,468
PROFIT BEFORE TAX		167,001	167,758	528,622	496,783
Tax expense		13,020	12,764	40,553	38,122
NET PROFIT FOR THE PERIOD		153,981	154,994	488,069	458,661
Net profit attributable to non-controlling interest		13,056	14,138	45,947	39,436
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK		140,925	140,856	442,122	419,225
EARNINGS PER SHARE ATTRIBUTABLE TO THE OWNERS OF THE BANK FOR THE PERIOD					
Basic & diluted earnings per ordinary share (US cents)	4	2.1	2.1	6.3	6.2

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

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Nine months ended 30 September 2016 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</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	153,981	154,994	488,069	458,661
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	1,785	(12,241)	(1,733)	(9,647)
Net change in pension fund reserve	(14,166)	(2,537)	(27,691)	5,818
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	2,989	(7,676)	(53,443)	(79,261)
Net change in fair value of cash flow hedges	548	(11,991)	(21,324)	(5,853)
Other comprehensive income for the period	(8,844)	(34,445)	(104,191)	(91,182)
Total comprehensive income for the period	145,137	120,549	383,878	367,479
Total comprehensive income attributable to non-controlling interest	14,389	10,569	40,434	23,562
Total comprehensive income attributable to owners of the Bank	130,748	109,980	343,444	343,917

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 2016 (Reviewed)

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>
	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
ASSETS		
Cash and balances with central banks	803,181	1,052,918
Treasury bills and deposits with central banks	4,612,725	2,117,945
Deposits with banks	2,948,249	4,214,899
Loans and advances	19,588,866	19,353,181
Non-trading investments	5,894,838	5,328,110
Investment in associates	320,503	314,828
Investment properties	152,952	183,166
Premises and equipment	234,596	238,843
Interest receivable and other assets	664,191	590,829
Goodwill and other intangible assets	553,614	570,598
TOTAL ASSETS	35,773,715	33,965,317
LIABILITIES AND EQUITY		
LIABILITIES		
Deposits from banks	4,041,787	4,241,191
Borrowings under repurchase agreements	979,477	800,998
Customers' deposits	25,195,295	23,495,227
Interest payable and other liabilities	869,964	806,093
Subordinated liabilities	248,340	261,594
TOTAL LIABILITIES	31,334,863	29,605,103
EQUITY		
Ordinary share capital	1,709,747	1,623,030
Treasury shares	(11,497)	(7,309)
Perpetual Tier 1 Capital Securities	400,000	400,000
Reserves	1,863,583	1,902,016
Equity attributable to the owners and capital securities issued	3,961,833	3,917,737
Non - controlling interest	477,019	442,477
TOTAL EQUITY	4,438,852	4,360,214
TOTAL LIABILITIES AND EQUITY	35,773,715	33,965,317

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

Ahli United Bank B.S.C.**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS**

Nine months ended 30 September 2016 (Reviewed)

	<i>Nine months ended 30 September</i>	
	<i>2016</i>	<i>2015</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net cash from operating activities	110,854	201,607
Net cash (used in) from investing activities	(544,997)	173,837
Net cash used in financing activities	(312,916)	(16,984)
Net foreign exchange difference	(37,459)	(53,046)
(DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS	(784,518)	305,414
Cash and cash equivalents at 1 January	3,940,640	3,423,375
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3,156,122	3,728,789
Comprising:		
Cash and balances with central banks, excluding mandatory reserve deposits	2,010,137	1,082,360
Deposits with banks with an original maturity of three months or less	1,145,985	2,646,429
	3,156,122	3,728,789

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2016 (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 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	-	-	-	-	-	(2,681)	-	-	(2,681)	-	(2,681)
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	-	-	-	-	-	-	-	3,648	3,648	-	3,648
Total comprehensive income for the period	-	-	-	-	-	442,122	-	(98,678)	343,444	40,434	383,878
Balance at 30 September 2016	1,709,747	(11,497)	400,000	745,505	397,792	1,039,284	-	(318,998)	1,863,583	477,019	4,438,852

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 2016 (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	(153,957)	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	-	-	-	-	-	-	-	4,073	4,073	-	4,073
Total comprehensive income for the period	-	-	-	-	-	419,225	-	(75,308)	343,917	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

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 107 branches, as at 30 September 2016, in the Kingdom of Bahrain (21 branches), the State of Kuwait (38 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 September 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; and
- 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 nine-month period ended 30 September 2016 were authorised for issue in accordance with a resolution of the Directors dated 9 November 2016.

3 INVESTMENT INCOME

Investment income includes an income amounting to US\$ 9,665 thousand for the nine months ended 30 September 2016 (30 September 2015: US\$ 15,753 thousand) which is of a seasonal nature.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2016 (Reviewed)

4 EARNINGS PER ORDINARY SHARE

	<i>Three months ended 30 September</i>		<i>Nine months ended 30 September</i>	
	<i>2016 US\$'000</i>	<i>2015 US\$'000</i>	<i>2016 US\$'000</i>	<i>2015 US\$'000</i>
Net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	140,925	140,856	442,122	419,225
(Less): Perpetual Tier I Capital Securities distribution	-	-	(13,750)	-
Adjusted net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	140,925	140,856	428,372	419,225
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in million)	6,823	6,808	6,821	6,808
Basic & diluted earnings per ordinary share (US cents)	2.1	2.1	6.3	6.2
Issued and fully paid ordinary shares of US\$ 0.25 each (in million)			6,839	6,492
Number of treasury shares (in million)			16.3	9.4

5 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

	<i>30 September 2016 US\$ '000</i>	<i>(Audited) 31 December 2015 US\$ '000</i>
	Guarantees	2,542,289
Acceptances	108,506	128,700
Letters of credit	608,988	600,511
	3,259,783	3,138,252

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 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 & 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 2016:					
Net interest income	8,811	422,732	149,724	38,450	619,717
Inter segment interest	123,331	(186,466)	63,709	(574)	-
Fees, commissions and others	27,333	74,141	8,743	19,050	129,267
Trading and investment income	5,212	9,785	67,622	-	82,619
OPERATING INCOME	164,687	320,192	289,798	56,926	831,603
Net impairment provisions	7,580	54,859	7,042	(1,552)	67,929
NET OPERATING INCOME	157,107	265,333	282,756	58,478	763,674
Operating expenses	78,879	54,514	77,326	24,333	235,052
PROFIT BEFORE TAX	78,228	210,819	205,430	34,145	528,622
Tax expense					40,553
NET PROFIT FOR THE PERIOD					488,069
Less : Non - controlling interest					45,947
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					442,122

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 2015:					
Net interest income	14,082	417,066	140,147	33,529	604,824
Inter segment Interest	108,988	(166,218)	54,716	2,514	-
Fees, commissions and others	26,704	67,291	9,464	19,781	123,240
Trading and investment income	6,872	8,120	92,270	-	107,262
OPERATING INCOME	156,646	326,259	296,597	55,824	835,326
Net impairment provisions	7,125	78,509	23,249	192	109,075
NET OPERATING INCOME	149,521	247,750	273,348	55,632	726,251
Operating expenses	82,148	50,619	69,693	27,008	229,468
PROFIT BEFORE TAX	67,373	197,131	203,655	28,624	496,783
Tax expense					38,122
NET PROFIT FOR THE PERIOD					458,661
Less : Non-controlling interest					39,436
NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK					419,225

30 September 2016 (Reviewed)

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	ESPP reserve		Pension fund reserve
	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	-	3	(47,764)	-	-	-	-	(47,761)
Transfers to consolidated statement of income	-	-	-	-	(433)	-	-	(433)
Net fair value movements during the period	-	-	-	(4,583)	(20,891)	-	-	(25,474)
Transfers to retained earnings	-	-	-	2,681	-	-	-	2,681
Fair value movements and others	-	-	-	-	-	3,648	(27,691)	(24,043)
Balance at 30 September 2016	8,480	36,176	(242,106)	(18,470)	(49,372)	16,235	(69,941)	(318,998)

	Capital reserve	Property revaluation reserve	Foreign exchange translation reserve	Cumulative changes in			Total other reserves	
				OCI reserve	Cash flow hedge reserve	ESPP reserve		Pension fund reserve
	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)	(63,942)	-	-	-	-	(64,175)
Transfers to consolidated statement of income	-	-	-	-	1,521	-	-	1,521
Transfers to retained earnings	-	(1,818)	-	79,760	-	-	-	77,942
Net fair value movements during the period	-	-	-	(89,040)	(7,374)	4,073	-	(92,341)
Fair value movements and others	-	-	-	-	-	-	5,818	5,818
Balance at 30 September 2015	8,480	34,978	(185,908)	(18,969)	(30,944)	8,335	(41,164)	(225,192)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

30 September 2016 (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\$ 5,919.2 million as at 30 September 2016 (31 December 2015: US\$ 5,244.2 million). Carrying value of these non-trading investments is US\$ 5,737.9 million as at 30 September 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 September 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	5,946	137,165	29,512	172,623
Derivative assets	-	73,846	-	73,846
Derivative liabilities	-	(183,663)	-	(183,663)

	<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 nine month period ended 30 September 2016 and 30 September 2015 there have been no transfers between Levels 1, 2 and 3.

Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

30 September 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:

	<i>2016</i>			
	<i>US\$ '000</i>			
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<i>For the nine months ended 30 September 2016</i>				
Interest income	2,025	2,177	4,945	9,147
Interest expense	65,511	23	113	65,647
Fees and commissions	439	2,363	258	3,060
<i>As of 30 September 2016</i>				
Deposits with banks	-	130,524	-	130,524
Loans and advances	110,500	-	151,297	261,797
Deposits from banks	-	25,300	-	25,300
Customers' deposits	6,202,258	-	17,108	6,219,366
Subordinated liabilities	230,343	-	-	230,343
Derivative liabilities	-	1	-	1
Contingent liabilities	-	93,708	131,981	225,689
	<i>2015</i>			
	<i>US\$ '000</i>			
	<i>Major shareholders</i>	<i>Associates</i>	<i>Directors and senior management</i>	<i>Total</i>
<i>For the nine months ended 30 September 2015</i>				
Interest income	1,828	1,575	4,799	8,202
Interest expense	40,179	48	26	40,253
Fees and commissions	439	2,450	243	3,132
<i>As of 31 December 2015</i>				
Deposits with banks	-	400,585	-	400,585
Loans and advances	110,500	-	169,642	280,142
Deposits from banks	-	63,895	-	63,895
Customers' deposits	5,928,974	-	31,253	5,960,227
Subordinated liabilities	242,126	-	-	242,126
Derivative assets	-	119	-	119
Contingent liabilities	-	82,918	144,477	227,395

Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL

30 September 2016 (Reviewed)

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. AUBL's paid up capital was increased to USD 50 million during the current quarter.

11 POST BALANCE SHEET EVENT

Subsequent to the balance sheet date, Ahli United Bank K.S.C.P., Banks' subsidiary in Kuwait, successfully completed an issue of US\$ 200 million Basel III compliant Additional Tier 1 Perpetual Capital Securities.