

**Ahli United Bank B.S.C.**  
**INTERIM CONDENSED CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**30 September 2017**

## **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 2017, comprising of the interim consolidated balance sheet as at 30 September 2017 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.



31 October 2017  
Manama, Kingdom of Bahrain

# Ahli United Bank B.S.C.

## INTERIM CONSOLIDATED STATEMENT OF INCOME

Nine months ended 30 September 2017 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>		
	<i>30 September</i>		<i>30 September</i>		
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>	
<i>Note</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	
Interest income	350,972	349,947	997,356	994,188	
Interest expense	131,910	137,666	362,245	374,471	
Net interest income	219,062	212,281	635,111	619,717	
Fees, commissions and others	36,586	31,341	117,159	127,470	
Trading income	8,652	7,996	25,807	29,995	
Investment income	3	14,059	9,123	50,115	52,624
Fees and other income	59,297	48,460	193,081	210,089	
<b>OPERATING INCOME</b>	<b>278,359</b>	<b>260,741</b>	<b>828,192</b>	<b>829,806</b>	
Net provision for loan losses and others	18,025	16,249	54,824	60,889	
Provision for investments	303	840	1,487	7,040	
<b>NET OPERATING INCOME</b>	<b>260,031</b>	<b>243,652</b>	<b>771,881</b>	<b>761,877</b>	
Staff costs	48,234	45,846	140,973	142,316	
Depreciation	5,550	5,044	15,026	16,391	
Other operating expenses	25,106	25,761	74,290	74,548	
<b>OPERATING EXPENSES</b>	<b>78,890</b>	<b>76,651</b>	<b>230,289</b>	<b>233,255</b>	
<b>PROFIT BEFORE TAX</b>	<b>181,141</b>	<b>167,001</b>	<b>541,592</b>	<b>528,622</b>	
Tax expense	9,873	13,020	31,053	40,553	
<b>NET PROFIT FOR THE PERIOD</b>	<b>171,268</b>	<b>153,981</b>	<b>510,539</b>	<b>488,069</b>	
Net profit attributable to non-controlling interest	13,871	13,056	41,832	45,947	
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>	<b>157,397</b>	<b>140,925</b>	<b>468,707</b>	<b>442,122</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	2.1	1.9	6.0	5.7

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 9 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 2017 (Reviewed)

	<i>Three months ended</i>		<i>Nine months ended</i>	
	<i>30 September</i>		<i>30 September</i>	
	<i>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>	<i>USD'000</i>
<b>Net profit for the period</b>	<b>171,268</b>	<b>153,981</b>	<b>510,539</b>	<b>488,069</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	(143)	1,785	(3,082)	(1,733)
Net change in pension fund reserve	1,279	(14,166)	5,565	(27,691)
Net change in property revaluation reserve	(243)	-	(512)	-
<b>Items that may be reclassified subsequently to consolidated statement of income</b>				
Foreign currency translation adjustments	22,272	2,989	39,582	(53,443)
Net change in fair value of cash flow hedges	(307)	548	(5,427)	(21,324)
<b>Other comprehensive income for the period</b>	<b>22,858</b>	<b>(8,844)</b>	<b>36,126</b>	<b>(104,191)</b>
<b>Total comprehensive income for the period</b>	<b>194,126</b>	<b>145,137</b>	<b>546,665</b>	<b>383,878</b>
Total comprehensive income attributable to non-controlling interest	16,883	14,389	47,867	40,434
<b>Total comprehensive income attributable to owners of the Bank</b>	<b>177,243</b>	<b>130,748</b>	<b>498,798</b>	<b>343,444</b>

# Ahli United Bank B.S.C.

## INTERIM CONSOLIDATED BALANCE SHEET

30 September 2017 (Reviewed)

	<i>30 September</i>	<i>(Audited)</i> <i>31 December</i>
	<i>2017</i>	<i>2016</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
<b>ASSETS</b>		
Cash and balances with central banks	1,193,845	912,924
Treasury bills and deposits with central banks	2,712,346	2,464,846
Deposits with banks	2,547,741	1,884,493
Loans and advances	19,370,708	18,606,883
Non-trading investments	5,975,424	5,570,447
Investment in associates	331,234	326,874
Investment properties	168,147	132,021
Premises and equipment	223,188	211,209
Interest receivable and other assets	784,330	738,155
Goodwill and other intangible assets	481,248	474,632
<b>TOTAL ASSETS</b>	<b>33,788,211</b>	<b>31,322,484</b>
<b>LIABILITIES AND EQUITY</b>		
<b>LIABILITIES</b>		
Deposits from banks	4,003,536	3,279,038
Borrowings under repurchase agreements	760,014	698,228
Customers' deposits	23,129,777	21,703,358
Interest payable and other liabilities	914,455	865,376
Subordinated liabilities	226,273	236,982
<b>TOTAL LIABILITIES</b>	<b>29,034,055</b>	<b>26,782,982</b>
<b>EQUITY</b>		
Ordinary share capital	1,889,213	1,711,322
Treasury shares	(11,497)	(11,497)
Reserves	1,808,313	1,801,002
Equity attributable to the owners	3,686,029	3,500,827
Perpetual Tier 1 Capital Securities	600,000	600,000
Non-controlling interest	468,127	438,675
<b>TOTAL EQUITY</b>	<b>4,754,156</b>	<b>4,539,502</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>33,788,211</b>	<b>31,322,484</b>

**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 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

Nine months ended 30 September 2017 (Reviewed)

	<i>Nine months ended</i>	
	<i>30 September</i>	
	<i>2017</i>	<i>2016</i>
	<i>US\$ '000</i>	<i>US\$ '000</i>
Net cash from operating activities	<b>1,601,391</b>	110,854
Net cash used in investing activities	<b>(436,471)</b>	(544,997)
Net cash used in financing activities	<b>(320,616)</b>	(312,916)
Net foreign exchange difference	<b>33,288</b>	(37,459)
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>877,592</b>	<b>(784,518)</b>
Cash and cash equivalents at 1 January	<b>2,309,113</b>	3,940,640
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	<b>3,186,705</b>	<b>3,156,122</b>
<b>Comprising:</b>		
Cash and balances with central banks, excluding mandatory reserve deposits	<b>1,031,381</b>	2,010,137
Deposits with banks with an original maturity of three months or less	<b>2,155,324</b>	1,145,985
	<b>3,186,705</b>	<b>3,156,122</b>

Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Nine months ended 30 September 2017 (Reviewed)

Attributable to the owners

	Reserves										Total US\$ '000
	Ordinary share capital US\$ '000	Treasury shares 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	Perpetual Tier 1 Capital Securities US\$ '000	Non-controlling interest US\$ '000	
Balance at 31 December 2016	1,711,322	(11,497)	747,583	454,856	791,395	310,144	(502,976)	1,801,002	600,000	438,675	4,539,502
Donations	-	-	-	-	-	(1,000)	-	(1,000)	-	-	(1,000)
Bonus shares issued	171,747	-	-	-	(171,747)	-	-	(171,747)	-	-	-
Additional shares issued	6,144	-	6,373	-	-	-	-	6,373	-	-	12,517
Transfer from OCI reserve	-	-	-	-	(2,259)	-	-	(2,259)	-	-	(2,259)
Transfer of property revaluation reserve on sale of property	-	-	-	-	243	-	-	243	-	-	243
Distribution related to Perpetual Tier 1 Capital Securities	-	-	-	-	(13,750)	-	-	(13,750)	-	-	(13,750)
Distribution related to Perpetual Tier 1 Sukuk	-	-	-	-	(4,120)	-	-	(4,120)	-	(1,380)	(5,500)
Ordinary share dividend paid	-	-	-	-	733	(309,144)	-	(308,411)	-	-	(308,411)
Dividends of subsidiary	-	-	-	-	-	-	-	-	-	(15,414)	(15,414)
Movement in subsidiaries	-	-	352	-	-	-	-	352	-	(1,621)	(1,269)
Fair value amortisation of share based transactions	-	-	-	-	-	-	2,832	2,832	-	-	2,832
Total comprehensive income for the period	-	-	-	-	468,707	-	30,091	498,798	-	47,867	546,665
<b>Balance at 30 September 2017</b>	<b>1,889,213</b>	<b>(11,497)</b>	<b>754,308</b>	<b>454,856</b>	<b>1,069,202</b>	<b>-</b>	<b>(470,053)</b>	<b>1,808,313</b>	<b>600,000</b>	<b>468,127</b>	<b>4,754,156</b>

The attached notes 1 to 9 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 2017 (Reviewed)

Attributable to the owners

	Reserves										
	Ordinary share capital US\$ '000	Treasury shares 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	Perpetual Tier 1 Capital Securities US\$ '000	Non-controlling interest US\$ '000	Total US\$ '000
Balance at 31 December 2015	1,623,030	(7,309)	739,781	397,792	694,312	294,099	(223,968)	1,902,016	400,000	442,477	4,360,214
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)
Distribution related to Perpetual Tier 1 Capital Securities	-	-	-	-	(13,750)	-	-	(13,750)	-	-	(13,750)
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
<b>Balance at 30 September 2016</b>	<b>1,709,747</b>	<b>(11,497)</b>	<b>745,505</b>	<b>397,792</b>	<b>1,039,284</b>	<b>-</b>	<b>(318,998)</b>	<b>1,863,583</b>	<b>400,000</b>	<b>477,019</b>	<b>4,438,852</b>

The attached notes 1 to 9 form part of these interim condensed consolidated financial statements



30 September 2017 (Reviewed)

**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 109 branches, as at 30 September 2017, in the Kingdom of Bahrain (22 branches), the State of Kuwait (37 branches), the Arab Republic of Egypt (37 branches), Republic of Iraq (11 branches), Dubai International Financial Centre (Authorised Firm) 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 2017. 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.

The interim condensed consolidated financial statements of the Group for the nine-month period ended 30 September 2017 were authorised for issue in accordance with a resolution of the Directors dated 31 October 2017.

**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 2016, except for the adoption of the amendments and annual improvements to International Financial Reporting Standards (IFRSs), relevant to the Group which are effective for annual reporting period starting from 1 January 2017 and did not result in any material impact on the accounting policies, financial position or performance of the Group.

**3 OTHER OPERATING INCOME**

Other operating income includes income amounting to US\$ 8,315 thousand for the nine months ended 30 September 2017 (30 September 2016: US\$ 9,665 thousand) which is 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>2017</i>	<i>2016</i>	<i>2017</i>	<i>2016</i>
Net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation (US\$ '000)	<b>157,397</b>	140,925	<b>468,707</b>	442,122
(Less): Perpetual Tier 1 Capital Securities distribution	-	-	<b>(13,750)</b>	(13,750)
(Less): Perpetual Tier 1 Sukuk distribution	-	-	<b>(4,120)</b>	-
Adjusted net profit for the period attributable to Bank's ordinary equity shareholders for basic and diluted earnings per share computation	<b>157,397</b>	140,925	<b>450,837</b>	428,372
Weighted average ordinary shares outstanding during the period adjusted for bonus shares (in million)	<b>7,539</b>	7,505	<b>7,534</b>	7,503
Basic & diluted earnings per ordinary share (US cents)	<b>2.1</b>	1.9	<b>6.0</b>	5.7
Issued and fully paid ordinary shares of US\$ 0.25 each (in million)			<b>7,556.9</b>	6,839.0
Number of treasury shares (in million)			<b>17.9</b>	16.3

## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

30 September 2017 (Reviewed)

**5 CONTINGENT LIABILITIES**

The Group had the following credit related contingent liabilities:

	<i>(Audited)</i>	
	<i>30 September</i>	
	<i>31 December</i>	
	<i>2017</i>	
	<i>2016</i>	
	<i>US\$ '000</i>	
	<i>US\$ '000</i>	
Guarantees	2,548,532	2,443,017
Acceptances	179,383	132,119
Letters of credit	657,042	534,461
	<b>3,384,957</b>	<b>3,109,597</b>

**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>Nine months ended 30 September 2017:</b>					
Net interest income	26,520	459,531	111,696	37,364	635,111
Inter segment Interest	101,576	(132,686)	16,838	14,272	-
Fees, commissions and others	32,177	54,102	12,314	18,566	117,159
Trading and investment income	1,924	9,846	64,152	-	75,922
<b>OPERATING INCOME</b>	<b>162,197</b>	<b>390,793</b>	<b>205,000</b>	<b>70,202</b>	<b>828,192</b>
Net impairment provisions	6,180	49,330	1,487	(686)	56,311
<b>NET OPERATING INCOME</b>	<b>156,017</b>	<b>341,463</b>	<b>203,513</b>	<b>70,888</b>	<b>771,881</b>
Operating expenses	83,728	54,599	69,405	22,557	230,289
<b>PROFIT BEFORE TAX</b>	<b>72,289</b>	<b>286,864</b>	<b>134,108</b>	<b>48,331</b>	<b>541,592</b>
Tax expense					31,053
<b>NET PROFIT FOR THE PERIOD</b>					<b>510,539</b>
Less : Non - controlling interest					41,832
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>468,707</b>

## 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>Nine months ended 30 September 2016:</b>					
Net interest income	8,811	422,732	149,724	38,450	619,717
Inter segment Interest	132,497	(129,770)	(6,974)	4,247	-
Fees, commissions and others	26,180	74,141	8,099	19,050	127,470
Trading and investment income	5,212	9,785	67,622	-	82,619
<b>OPERATING INCOME</b>	<b>172,700</b>	<b>376,888</b>	<b>218,471</b>	<b>61,747</b>	<b>829,806</b>
Net impairment provisions	7,580	54,859	7,042	(1,552)	67,929
<b>NET OPERATING INCOME</b>	<b>165,120</b>	<b>322,029</b>	<b>211,429</b>	<b>63,299</b>	<b>761,877</b>
Operating expenses	84,817	56,224	67,774	24,440	233,255
<b>PROFIT BEFORE TAX</b>	<b>80,303</b>	<b>265,805</b>	<b>143,655</b>	<b>38,859</b>	<b>528,622</b>
Tax expense					40,553
<b>NET PROFIT FOR THE PERIOD</b>					<b>488,069</b>
<b>Less : Non-controlling interest</b>					<b>45,947</b>
<b>NET PROFIT ATTRIBUTABLE TO THE OWNERS OF THE BANK</b>					<b>442,122</b>

30 September 2017 (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 2016	8,480	36,256	(455,168)	(11,019)	(23,783)	-	(57,742)	(502,976)
Currency translation adjustments	-	7	32,969	-	-	-	-	32,976
Transfers to consolidated statement of income	-	-	-	-	(829)	-	-	(829)
Net fair value movements	-	-	-	(4,770)	(4,598)	-	-	(9,368)
Transfers to retained earnings	-	(243)	-	2,259	-	-	-	2,016
Fair value movements and others	-	-	-	-	-	2,832	5,565	8,397
Revaluation of freehold land	-	(269)	-	-	-	-	-	(269)
<b>Balance at 30 September 2017</b>	<b>8,480</b>	<b>35,751</b>	<b>(422,199)</b>	<b>(13,530)</b>	<b>(29,210)</b>	<b>2,832</b>	<b>(52,177)</b>	<b>(470,053)</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 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	-	-	-	(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)
<b>Balance at 30 September 2016</b>	<b>8,480</b>	<b>36,176</b>	<b>(242,106)</b>	<b>(18,470)</b>	<b>(49,372)</b>	<b>16,235</b>	<b>(69,941)</b>	<b>(318,998)</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\$ 5,986.4 million as at 30 September 2017 (31 December 2016: US\$ 5,563.8 million). Carrying value of these non-trading investments is US\$ 5,846.7 million as at 30 September 2017 (31 December 2016: US\$ 5,429.6 million).

The Group's primary medium and long-term 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; and

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 2017</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	482	114,004	14,213	128,699
Derivative assets	-	86,013	-	86,013
Derivative liabilities	-	(149,476)	-	(149,476)

	<i>31 December 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	465	126,360	14,044	140,869
Derivative assets	-	112,945	-	112,945
Derivative liabilities	-	(142,547)	-	(142,547)

During nine month period ended 30 September 2017 and 30 September 2016 there have been no transfers between Levels 1, 2 and 3.

30 September 2017 (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:

	2017					Total
	US\$ '000					
	Major shareholders	Associates	Non Executive Directors	Senior management Management Directors	Others	
<i>For the nine months ended 30 September 2017</i>						
Interest income	63	2,645	5,310	181	44	8,243
Interest expense	82,958	6	24	81	6	83,075
Fees and commissions	109	2,360	227	10	1	2,707
Short term employee benefits	-	-	-	8,624	2,741	11,365
End of service benefits	-	-	-	1,252	419	1,671
Directors' fees and related expenses	-	-	1,762	-	-	1,762
<i>As of 30 September 2017</i>						
Deposits with banks	-	145,222	-	-	-	145,222
Loans and advances	-	-	153,256	7,760	1,737	162,753
Deposits from banks	-	19,774	-	-	-	19,774
Customers' deposits	6,680,954	-	20,253	10,588	1,485	6,713,280
Subordinated liabilities	208,117	-	-	-	-	208,117
Commitments and contingent liabilities	-	281,920	171,120	-	-	453,040
Derivative liability	-	101	-	-	-	101
	2016					Total
	US\$ '000					
	Major shareholders	Associates	Non Executive Directors	Senior management Management Directors	Others	
<i>For the nine months ended 30 September 2016</i>						
Interest income	2,025	2,177	4,804	188	38	9,232
Interest expense	65,511	23	92	46	17	65,689
Fees and commissions	439	2,363	250	9	1	3,062
Short term employee benefits	-	-	-	8,298	2,687	10,985
End of service benefits	-	-	-	1,234	284	1,518
Directors' fees and related expenses	-	-	1,694	-	-	1,694
<i>As of 31 December 2016</i>						
Deposits with banks	-	160,889	-	-	-	160,889
Loans and advances	110,500	-	151,604	13,055	2,282	277,441
Deposits from banks	-	5,692	-	-	-	5,692
Customers' deposits	6,193,804	-	17,536	6,609	32	6,217,981
Subordinated liabilities	218,985	-	-	-	-	218,985
Commitments and contingent liabilities	-	144,088	152,331	-	-	296,419