البنك الأهلي المتحد
ahli united bank

AHLI UNITED BANK (UK) PLC

REPORT & FINANCIAL STATEMENTS

31 DECEMBER 2014

BOARD OF DIRECTORS
Mr Rashid Al-Meer (Acting chairman)
Mr Khaled Al Fouzan
Mr Herschel Post *
Mr David Casson *
Mr Adel El-Labban
Mr James Forster
Ms Sawsan Abulhassan
Mr Stephen Hussey
Mr Sami Tamim
Mr Adnan Al-Marzouq *

*Audit and Compliance Committee

SECRETARY
Mrs Emma Booth

AUDITORS
Ernst & Young LLP
1 More London Place
London
SE1 2AF

REGISTERED OFFICE
35 Portman Square
London W1H 6LR

REGISTERED NUMBER
877859

Strategic Report

The Directors of Ahli United Bank (UK) PLC (the 'Bank') are pleased to submit the strategic report for the year ended 31 December 2014.

Review of the business

The Bank is an authorised institution under the United Kingdom Financial Services and Markets Act 2000 and carries on an international commercial, private and investment banking business.

Key performance indicators *Amounts stated in U$ million.*	**2014**	2013
Profit after tax	**49.0**	41.2
Net Assets	**3,671.4**	4,151.9
Return on average equity	**16.6%**	14.8%
Return on average assets	**1.3%**	1.1%
EPS (in cents)	**24.51**	20.61
Surplus capital - ratio	**11.1%**	14.3%
Surplus capital - Amount	**38.1**	46.3
Cost / Income ratio	**36.6%**	40.3%

Results and performance

The Bank enjoyed a successful year of performance. The Bank continued to focus on its core lending businesses of residential mortgages, commercial property, margin lending and commercial finance and in providing a global fund management service to institutional and private clients.

The Bank achieved net interest income of $50.1m, a 7% increase on the 2013 level of $46.7m. The net interest margin was 1.4% (2013: 1.3%) and the Bank continued to benefit from low funding spreads.

Total other operating income increased by 29% to $34.6 million, which emanated from the following:
- The Bank continued to improve fee income related to its fund management and operational activities with a result of 2014 : $19.4m (2013 : $16.8m).
- Income distributions from other fund investments was $10.5m (2013 : $8.3m).
- A gain of $2.2m from the disposal of 'Liquid Asset buffer' assets, which was an exceptional result in 2014.
- Treasury results included a gain of $0.8m as a result of hedging a portion of our forecast 2014 GBP and EUR profit.

During 2014 the Bank successfully sold criticised assets, netting a gain of $7m above the net asset less impairment value. The quality of the remaining customer loan portfolio remained high, which is consistent with our credit risk management strategy. As a consequence the Bank had only a single impaired loan of $0.6m at the end of the year and was able to book a net collective impairment release of $2.2m.

Operating expenses increased to $31.0 million (2013: $29.6 million) an increase of 5%. An increase in staff costs was the predominate driver, due to new hires already planned for 2014 (average headcount 2014 :112, 2013 :99) and additional compliance costs.

At the year end, total assets stood at $3.7 billion (2013: $4.2 billion) with loans to customers of $1.4 billion, showing an 11% decrease compared to 2013. Total deposits amounted to $3.3 billion, a 13% decrease on 2013.

Principle risks

The principal risks faced by the Bank, in relation to the financial instruments recognised within the balance sheet, are liquidity risk, market risk, credit risk and operational risk.
On 1 September 2014, Fitch rating agency reconfirmed our BBB+ status, with a stable outlook.

Future developments

The activities of the Bank in the forthcoming period will continue to be those currently undertaken.

By Order of the board

Emma Booth
Company Secretary
4th March 2015

The Directors of Ahli United Bank (UK) PLC (the 'Bank') are pleased to submit the audited financial statements for the year ended 31 December 2014.

Results and dividends
The profit after tax of the Bank and its subsidiaries for the year amounted to $49.0 million.
(2013 $41.2 million).

A final dividend for 2013 of $30.0 million (15 cents per share) was paid during the year. A final dividend of $32.0 million (16 cents per share) is proposed for 2014.

Going Concern
The Bank's business activities are summarised in the Directors' Strategic Report. In addition, note 26 to the financial statements includes the Bank's policies for managing the credit, liquidity and market risks associated with its financial instruments. On this basis, the directors believe that the Bank is well placed to manage its business risks successfully.
The directors confirm the Bank has adequate resources to continue in business for the foreseeable future. For this reason, the Bank continues to adopt the going concern basis for preparing financial statements.

Pillar III disclosures
As part of its implementation of the Banking Consolidation Directive and the Capital Adequacy Directive, the Prudential Regulatory Authority requires the Bank to make certain disclosures to the market, often described as Pillar III disclosures. Some of the required disclosures are included within note 26 to the Financial Statements. However, where additional disclosures are required, these have either been included in an appendix to the Financial Statements or cross referenced within the appendix to other notes within the Financial Statements.

The information included in the appendix has not been audited.

Guernsey Branch
The Bank has a branch based in Guernsey and the total customers deposits held were $277.3 million (2013: $299.1 million) as at 31 December 2014.

Directors
The names of the Directors who served during 2014 are as follows

Mr Fahad Al-Rajaan (Chairman resigned 22 January 2015)
Mr Rashid Al-Meer (Acting chairman)
Mr Khaled Al Fouzan
Mr Herschel Post *
Mr David Casson *
Mr Adel El-Labban
Mr James Forster
Ms Sawsan Abulhassan
Mr Stephen Hussey
Mr Jakes Ferguson (resigned 7 August 2014)
Mr Stuart Taylor (resigned 31 January 2014)
Mr Hamad Al-Marzouq (Deputy Chairman resigned 28 January 2014) *
Mr Sami Tamim (appointed 14 November 2014)
Mr Adnan Al-Marzouq (appointed 25 April 2014) *
*Audit and Compliance Committee

In accordance with the Articles of Association, all of the Directors retire at every third Annual General Meeting and, being eligible, offer themselves for re-election.

Auditors

The Directors have taken all the steps they ought to have taken to make themselves aware of any information needed by the Bank's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

A resolution to reappoint Ernst & Young LLP as the auditors will be proposed at the next Annual General Meeting.

By Order of the board

Emma Booth
Company Secretary

4th March 2015

The Directors are responsible for preparing the Directors' Report, Strategic Report and the Group financial statements in accordance with applicable United Kingdom law and regulations. Company law requires the directors to prepare Group financial statements for each financial year. Under that law, the directors are required to prepare Group financial statements under IFRSs as adopted by the European Union.

Under Company Law the Directors must not approve the Group financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing the Group financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the Group;
- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements that are reasonable;
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Group's financial position and financial performance; and
- state whether the Group financial statements have been prepared in accordance with IFRSs as adopted by the European Union.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that the Group financial statements comply with the Companies Act 2006 and Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent Auditor's report to the members of Ahli United Bank (UK) PLC

We have audited the Group and Bank financial statements (the "financial statements") of Ahli United Bank (UK) PLC for the year ended 31 December 2014 which comprise the Group Income Statement, the Group and Bank Balance Sheet, the Group and Bank Statement of Cash Flows, the Group and Bank Statement of Changes in Equity and the related notes 1 to 32. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the Bank's financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Bank's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Bank's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Bank and the Bank's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As explained more fully in the Statement of Directors' responsibilities set out on page 5, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those Standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and Bank's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the Bank's affairs as at 31 December 2014 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Bank financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Bank, or returns adequate for our audit have not been received from branches not visited by us; or
- the Bank's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Andrew Davison, Senior Statutory Auditor,
For and on behalf of Ernst & Young LLP, Statutory Auditor
London
United Kingdom

4th March 2015

FOR THE YEAR ENDED 31 DECEMBER	NOTES	2014 $000	2013 $000
Interest income:			
Interest income and similar income arising from non-trading investments		**20,432**	22,645
Other interest and similar income		**68,715**	78,021
		89,147	100,666
Interest expense		**(39,056)**	(53,939)
Net interest income	3	**50,091**	46,727
Fee and commission income		**20,012**	17,559
Fee and commission expense		**(517)**	(722)
Net fee and commission income		**19,495**	16,837
Trading income - net	26	**2,233**	666
Other operating income	4	**12,915**	6,070
Share of (loss) / profit after tax from joint ventures	13	**(6)**	3,129
Total trading and other operating income		**15,142**	9,865
Total operating income before impairment charges		**84,728**	73,429
Release for losses on loans and advances, impairment of non-trading investments and other assets - net	11	**8,758**	4,581
Net operating income		**93,486**	78,010
Operating Expenses	6	**(31,030)**	(29,577)
Profit before tax	6	**62,456**	48,433
Income tax expense	7	**(13,428)**	(7,217)
Profit for the year	23	**49,028**	41,216
Other comprehensive income	23		
Items that will not be reclassified into Income statement:			
Actuarial (losses) / gains relating to retirement benefit obligations	23	**(18,016)**	6,595
Items that may be reclassified subsequently into Income statement:			
Net (losses) / gains on changes in fair value of available-for-sale investments	23	**(4,819)**	9,818
Net gains on Cashflow hedges	23	**1,008**	-
Total comprehensive income		**27,201**	57,629

Attributable to Equity holders of the Group		**27,201**	57,629

All amounts relate to continuing activities.

The notes on pages 13 to 39 are an integral part of these audited financial statements.

AT 31 DECEMBER	NOTES	2014 $000	2013 $000
Assets			
Cash and balances with central banks		**3,900**	5,415
Loans and advances to banks	8	**887,713**	1,464,222
Reverse repurchase agreements	9	**227,452**	15,000
Derivative financial instruments	26	**24,866**	5,832
Loans and advances to customers	10	**1,414,732**	1,597,323
Non-trading investments	12	**1,084,633**	1,035,558
Investments in a joint venture	13	**1,794**	3,210
Property, plant and equipment	15	**4,836**	4,693
Deferred tax asset	16	**4,825**	1,910
Prepayments, accrued income and other assets	17	**16,677**	18,781
Total assets		**3,671,428**	4,151,944
Liabilities			
Deposits from banks	18	**20,140**	13,235
Repurchase agreements	9	**-**	15,204
Customer deposits	19	**3,248,521**	3,722,645
Derivative financial instruments	26	**31,653**	44,534
Current tax liability	16	**6,991**	9,560
Accruals, deferred income and other liabilities	20	**33,062**	28,302
Retirement benefit scheme	30	**24,149**	8,583
Subordinated liabilities	21	**12,232**	12,613
Total liabilities		**3,376,748**	3,854,676
Issued share capital	22	**200,080**	200,080
Share premium	22	**128**	128
Other reserves	23	**13,264**	17,075
Retained earnings	23	**81,208**	79,985
Equity shareholders' funds		**294,680**	297,268
Total liabilities and equity		**3,671,428**	4,151,944
Memorandum items			
Contingent liabilities	24	**12,366**	13,503
Commitments	25	**117,463**	191,981

The notes on pages 13 to 39 are an integral part of these audited financial statements.

Signed on behalf of the board

James Forster
Chief Executive Officer

The financial statements were approved by the Board of Directors and authorised for issue on 4th March 2015.

AT 31 DECEMBER	NOTES	2014 $000	2013 $000
Assets			
Cash and balances with central banks		**3,771**	5,415
Loans and advances to banks	8	**887,713**	1,464,222
Reverse repurchase agreements	9	**227,452**	15,000
Derivative financial instruments	26	**24,866**	5,832
Loans and advances to customers	10	**1,414,732**	1,597,323
Non-trading investments	12	**1,084,633**	1,035,558
Investments in group undertakings	14	**193**	198
Investments in a joint venture	13	**78**	81
Property, plant and equipment	15	**4,836**	4,693
Deferred tax asset	16	**4,825**	1,910
Prepayments, accrued income and other assets	17	**16,622**	18,781
Total assets		**3,669,721**	4,149,013
Liabilities			
Deposits from banks	18	**20,140**	13,354
Repurchase agreements	9	**-**	15,204
Customer deposits	19	**3,248,653**	3,722,645
Derivative financial instruments	26	**31,653**	44,534
Current tax liability	16	**6,991**	9,560
Accruals, deferred income and other liabilities	20	**33,154**	28,237
Retirement benefit scheme	30	**24,149**	8,583
Subordinated liabilities	21	**12,232**	12,613
Total liabilities		**3,376,972**	3,854,730
Issued share capital	22	**200,080**	200,080
Share premium	22	**128**	128
Other reserves	24	**13,264**	17,075
Retained earnings	24	**79,277**	77,000
Equity shareholders' funds		**292,749**	294,283
Total liabilities and equity		**3,669,721**	4,149,013

The notes on pages 13 to 39 are an integral part of these audited financial statements.

Signed on behalf of the board

James Forster
Chief Executive Officer

The financial statements were approved by the Board of Directors and authorised for issue on 4th March 2015.

FOR THE YEAR ENDED 31 DECEMBER	2014 $000	2013 $000
Cash flows from operating activities		
Profit before tax	62,456	48,433
Adjustments for:		
Depreciation	1,077	976
Amortization and revaluation of non-trading investments and pension fund	(23,068)	28,253
Profit / (Loss) on sale of non-trading investments	(2,223)	7
Provision release for losses on loans and advances	(8,758)	(4,780)
Provision charge for impairment of investments in group undertakings	-	199
Consolidation reserves from subsidiary undertaking	216	-
Share of net loss / (profit) from joint venture	6	(3,129)
Operating cash flows before changes in operating assets and liabilities	29,706	69,959
Changes in:		
Deposits with central bank	710	(823)
Reverse repurchase agreements	(212,452)	216,132
Loans and advances (including private equity investments)	178,739	16,847
Interest receivable	1,263	(42)
Prepayments, accrued income and other assets (including derivative financial instruments)	(16,789)	3,547
Deposits from banks	6,905	(109,867)
Repurchase agreements	(15,204)	(274,397)
Customer deposits	(474,124)	1,080,032
Interest payable	4,479	121
Accruals, deferred income and other liabilities (including derivative financial instruments)	2,606	(3,852)
Treasury bills	(107,871)	164,812
Cash from operations	(602,032)	1,162,469
Net tax paid	(12,407)	(7,253)
Net cash from operating activities	(614,439)	1,155,216
Cash flows from investing activities		
Purchase of non-trading investments	(1,503,286)	(314,502)
Proceeds from sale and maturity of non-trading investments	1,412,214	29,310
Investment in property, plant and equipment	(1,216)	(598)
Capital repayments from private equity investments	11,166	-
Net cash used in investing activities	(81,122)	(285,790)
Cash flows from financing activities		
Subordinated liabilities repaid	-	(4,731)
Dividend paid	(30,000)	(20,000)
Net cash used in financing activities	(30,000)	(24,731)
Foreign currency translation adjustments	40,377	(10,130)
Net increase / (decrease) in cash and cash equivalents	(685,184)	834,565
Cash and cash equivalents at 1 January	1,632,529	797,964
Cash and cash equivalents at 31 December	947,345	1,632,529
Cash and cash equivalents comprise:		
Cash and balances with central banks (excluding mandatory reserves)	2,690	3,495
Loans and Advances to Banks - with an original maturity of three months or less	887,713	1,464,222
Treasury bills - with an original maturity of three months or less	56,942	164,812
	947,345	1,632,529

Included within Cash and balances with central banks:		
Cash and balances with central banks(excluding mandatory reserve deposits)	2,690	3,495
Mandatory reserve deposits with Bank of England	1,210	1,920
	3,900	5,415

Mandatory reserves are not available for use in day-to-day operations.

The notes on pages 13 to 39 are an integral part of these audited financial statements.

FOR THE YEAR ENDED 31 DECEMBER	2014 $000	2013 $000
Cash flows from operating activities		
Profit before tax	63,726	45,304
Adjustments for:		
Depreciation	1,077	976
Amortization and revaluation of non-trading investments and pension fund	(23,068)	28,253
Profit / (Loss) on sale of non-trading investments	(2,223)	7
Provision release for losses on loans and advances	(8,758)	(4,780)
Provision charge for impairment of investments in group undertakings	-	199
Operating cash flows before changes in operating assets and liabilities	30,754	69,959
Changes in:		
Deposits with central bank	710	(823)
Reverse repurchase agreements	(212,452)	216,132
Loans and advances (including private equity investments)	178,739	16,847
Interest receivable	1,263	(42)
Prepayments, accrued income and other assets (including derivative financial instruments)	(18,138)	3,690
Deposits from banks	6,788	(109,629)
Repurchase agreements	(15,204)	(274,397)
Customer deposits	(473,992)	1,079,636
Interest payable	4,479	121
Accruals, deferred income and other liabilities (including derivative financial instruments)	2,763	(3,837)
Treasury bills	(107,871)	164,812
Cash from operations	(602,161)	1,162,469
Net tax paid	(12,407)	(7,253)
Net cash from operating activities	(614,568)	1,155,216
Cash flows from investing activities		
Purchase of non-trading investments	(1,503,286)	(314,502)
Proceeds from sale and maturity of non-trading investments	1,412,214	29,310
Investment in property, plant and equipment	(1,216)	(598)
Capital repayments from private equity investments	11,166	-
Net cash used in investing activities	(81,122)	(285,790)
Cash flows from financing activities		
Subordinated liabilities repaid	-	(4,731)
Dividend paid	(30,000)	(20,000)
Net cash used in financing activities	(30,000)	(24,731)
Foreign currency translation adjustments	40,377	(10,130)
Net increase / (decrease) in cash and cash equivalents	(685,313)	834,565
Cash and cash equivalents at 1 January	1,632,529	797,964
Cash and cash equivalents at 31 December	947,216	1,632,529
Cash and cash equivalents comprise:		
Cash and balances with central banks (excluding mandatory reserves)	2,561	3,495
Loans and advances to banks - with an original maturity of three months or less	887,713	1,464,222
Treasury bills - with an original maturity of three months or less	56,942	164,812
	947,216	1,632,529

Included within Cash and balances with central banks:		
Cash and balances with central banks(excluding mandatory reserve deposits)	2,561	3,495
Mandatory reserve deposits with Bank of England	1,210	1,920
	3,771	5,415

Mandatory reserves are not available for use in day-to-day operations.

The notes on pages 13 to 39 are an integral part of these audited financial statements.

GROUP	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2014					
At 1 January 2014	200,080	128	17,075	79,985	**297,268**
Profit for the year	-	-	-	49,028	**49,028**
Available-for-sale investments valuation losses	-	-	(3,811)	-	**(3,811)**
Actuarial losses (IAS19 Revised)	-	-	-	(18,016)	**(18,016)**
Total comprehensive income	-	-	(3,811)	31,012	**27,201**
Dividend paid	-	-	-	(30,000)	**(30,000)**
Consolidation reserves from subsidiary undertaking	-	-	-	216	**216**
Currency translation differences	-	-	-	(5)	**(5)**
At 31 December 2014	200,080	128	13,264	81,208	**294,680**

GROUP	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2013					
At 1 January 2013	200,080	128	7,257	52,172	**259,637**
Profit for the year	-	-	-	41,216	**41,216**
Available-for-sale investments valuation gains	-	-	9,818	-	**9,818**
Actuarial gains (IAS19 Revised)	-	-	-	6,595	**6,595**
Total comprehensive income	-	-	9,818	47,811	**57,629**
Dividend paid	-	-	-	(20,000)	**(20,000)**
Currency translation differences	-	-	-	2	**2**
At 31 December 2013	200,080	128	17,075	79,985	**297,268**

BANK	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2014					
At 1 January 2014	200,080	128	17,075	77,000	**294,283**
Profit for the year	-	-	-	50,298	**50,298**
Available-for-sale investments valuation losses	-	-	(3,811)	-	**(3,811)**
Actuarial losses (IAS19 Revised)	-	-	-	(18,016)	**(18,016)**
Total comprehensive income	-	-	(3,811)	32,282	**28,471**
Dividend paid	-	-	-	(30,000)	**(30,000)**
Currency translation differences	-	-	-	(5)	**(5)**
At 31 December 2014	200,080	128	13,264	79,277	**292,749**

BANK	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2013					
At 1 January 2013	200,080	128	7,257	52,172	**259,637**
Profit for the year	-	-	-	38,231	**38,231**
Available-for-sale investments valuation gains	-	-	9,818	-	**9,818**
Actuarial gains (IAS19 Revised)	-	-	-	6,595	**6,595**
Total comprehensive income	-	-	9,818	44,826	**54,644**
Dividend paid	-	-	-	(20,000)	**(20,000)**
Currency translation differences	-	-	-	2	**2**
At 31 December 2013	200,080	128	17,075	77,000	**294,283**

The notes on pages 13 to 39 are an integral part of these audited financial statements.

1 ACCOUNTING POLICIES

1.1 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (together known as the 'Group') as at and for the years ended 31 December 2014 and 2013. The financial statements of material subsidiaries are prepared for the same reporting year as the Bank (unless stated otherwise within note 14), using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist.

All material intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions are eliminated in full on consolidation. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. Control is achieved where the Bank has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The results of subsidiaries acquired or disposed of during the year are included in the consolidated income statement from the date of acquisition or up to the date of disposal, as appropriate. No income statement is presented for the Bank as permitted by section 408 of the Companies Act 2006. The principal subsidiaries are set out in note 14.

Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis as modified for the remeasurement at fair value of trading and available-for-sale financial assets and all derivatives. In addition, as more fully discussed below in notes 1.3(h), assets that are fair value hedged are adjusted to the extent of the fair value of the risk being hedged. The consolidated financial statements are presented in US Dollars which is the Group's functional currency, and all values are rounded to the nearest thousand (US Dollar thousand) except where otherwise indicated. The US Dollar / Sterling foreign exchange rate applicable as at the reporting date was 1.5562.

Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) and as adopted by the EU, and interpretations issued by the International Financial Reporting Interpretations Committee of the IASB and in accordance with The Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, SI 2008/410.

New Standards and Interpretations issued but not yet effective

The following new Standards and amendments have been issued by the International Accounting Standards Board (IASB) but are not yet mandatory as of 31 December 2014:

- IFRS 15 - Revenue from Contracts with customers (effective 1 January 2017).
- IFRS 9 – Financial Instruments (effective for annual periods beginning on or after 1 January 2018)

As at 31st December 2014 the EFRAG had not endorsed these standards, but this is anticipated in 2015.

New Standards and Interpretations issued and are effective

The Group has adopted the following new and amended International Accounting Standards / International Financial Reporting Standards as of 1 January 2014:

- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)
- IAS 32 – Financial Instruments: Presentation - Offsetting Financial Assets and Financial liabilities (Amendment)
- IAS 36 – Impairment of Assets - Recoverable Amount Disclosures for Non-Financial Assets (Amendment) -
- IAS 39 – Novation of Derivatives and Continuation of Hedge Accounting (Amendment)

The above amendments to IFRSs which are effective for annual accounting periods starting from 1 January 2014 did not have any material impact on the accounting policies, financial position or performance of the Group.

1.2 Significant accounting judgements and estimates

The preparation of the consolidated financial statements requires management to make judgements and estimates that affect the reported amounts of income, expenses, financial assets, liabilities, the accompanying disclosures and disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

Judgements are made in the classification of available-for-sale and held-for-trading investments based on management's intention at the acquisition of the financial asset. Judgements are also made in the determination of the objective evidence that a financial asset is impaired.

Estimates

Pension plan

Estimates and assumptions are used in determining the Group's pension liabilities. The cost of the defined benefit pension plan and other post-employment medical benefits and the present value of pension obligations are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases.

Impairment losses on loans and advances, non-trading investments and other assets

Estimates are made regarding the amount and timing of future cash flows when measuring the level of provisions required for non-performing loans, portfolios of performing loans with similar risk characteristics where the risk of default has increased, as well as for provisions for non-trading investments and other assets. These are more fully described in note 1.3 (g) and note 11.

Fair value of financial instruments

Estimates are also made in determining the fair values of financial assets and derivatives that are not quoted in an active market. Such estimates are necessarily based on assumptions about several factors involving varying degrees of uncertainty and actual results may differ resulting in future changes in such provisions. The methodology and assumptions used for estimating future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

1.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and Bank financial statements are set out below. These policies have been consistently applied to all the years presented.

(a) Investments in joint ventures

The Group classifies an investment as "joint venture" when it is a party to a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Investments in joint ventures are accounted for using the equity method.

(b) Foreign currency translation

(i) Transactions and balances Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate of exchange ruling at the balance sheet date. Any resulting exchange differences are included in "trading income - net" in the consolidated income statement. Non-monetary assets and liabilities that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary available-for-sale investments measured at fair value in a foreign currency are translated using the exchange rates at the date the fair value is determined and the differences are included in other comprehensive income as part of the fair value adjustment of the respective items, unless these items are part of trading securities as explained in note 1.3 (c) (iii) or are part of an effective hedging strategy, in which case it is recorded in the consolidated income statement.

(ii) Group companies Assets and liabilities of foreign subsidiaries whose functional currency is not US Dollars are translated into US Dollars at the rates of exchange prevailing at the balance sheet date. Income and expense items are translated at exchange rates prevailing at each month end as an approximation for the rate at the date of the transaction.

(c) Financial instruments

The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics. All financial instruments are initially recognised at the fair value of consideration given, including acquisition costs associated with the investment, except in the case of trading securities, the acquisition costs of which are expensed. Premiums and discounts are amortised on a systematic basis to maturity using the effective interest method and taken to interest income or interest expense as appropriate.

(i) Date of recognition

All "regular way" purchases and sales of financial assets are recognised on the settlement date, i.e. the date that the Group receives or delivers the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. The Group accounts for any changes in the fair value of the asset to be received during the period between the trade date and the settlement date in the same way as it accounts for the acquired asset. The change in fair value is recognised in the consolidated income statement for assets classified as "trading securities" and it is recognised in equity for assets classified as available-for-sale. The change in value is not recognised for assets carried at cost or amortised cost.

(ii) Treasury bills and deposits with central banks

Treasury bills and deposits with central banks are initially recognised at cost. Premiums and discounts are amortised on a systematic basis to their maturity.

(iii) Held for Trading

A financial asset is classified as "held for trading" if it is acquired or incurred principally for the purpose of generating profit from short term fluctuations in price. Resultant unrealised gains and losses arising from changes in fair value are included in the consolidated income statement under "trading income - net".

(iv) Held-to-maturity

Non-trading investments with fixed or determinable payments, fixed maturities and which the Group has the intention and ability to hold till maturity are classified as held-to-maturity. After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method, less allowance for impairment. The losses arising from impairment of such investments are recognised in the consolidated statement of income.

(v) Deposits with banks and other financial institutions and loans and advances

Deposits with bank and other financial institutions and Loans and advances are financial assets with fixed or determinable payments and fixed maturities that are not quoted in an active market. After initial recognition, these are subsequently measured at amortised cost using the effective interest rate method, adjusted for effective fair value hedges, less any amounts written off and provision for impairment. The losses arising from impairment of these assets are recognised in the consolidated income statement in "provision for losses on loans and advances, non-trading investments and other assets - net" and in an impairment allowance account in the consolidated balance sheet. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees that are an integral part of the effective interest rate. The amortisation is included in "interest income" in the consolidated income statement.

(vi) Available-for-sale
Non-trading investments that are not classified as held-to-maturity, held-for-trading or loans and advances are classified as available-for-sale. After initial recognition, available-for-sale investments are remeasured at fair value.

Unless unrealised gains and losses on remeasurement to fair value are part of an effective hedging relationship, they are reported as a separate component of equity until the investment is sold, settled or otherwise disposed of, or the investment is determined to be impaired, at which time the cumulative gain or loss previously reported in equity is included in the consolidated income statement for the period. Any gain or loss arising from a change in fair value of available-for-sale investments, which are part of an effective hedging relationship, is recognised directly in the consolidated income statement to the extent of the changes in fair value being hedged.

(vii) Derivatives

Changes in fair values of the derivatives held for trading are included in the consolidated income statement under "trading income-net".

(viii) Reverse repurchase and Repurchase agreements
Reverse repurchase agreements are a form of lending whereby the Group provides a loan or cash collateral in exchange for the transfer of collateral, generally in the form of marketable securities subject to an agreement to transfer the securities back at a fixed price in the future. Repurchase agreements are when the Group obtains such loans or cash collateral, in exchange for the collateral. In accounting for reverse repurchase agreements, the securities purchased are not included on the balance sheet because the group does not acquire the risks and rewards of ownership. Consideration paid is accounted for as a loan asset at amortised cost. Similarly for a repurchase agreement the securities sold are retained on the balance sheet as the group retains the risks and rewards of ownership. Consideration received is accounted for as a financial liability at amortised cost.

(ix) Deposits, Syndicated loans and Subordinated liabilities
These financial liabilities are carried at amortised cost, less amounts repaid.

(d) Derecognition of financial assets and financial liabilities
A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired;
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (i) has transferred substantially all the risks and rewards of the asset, or (ii) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

(e) Determination of fair value
The fair value of financial instruments that are quoted in an active market is determined by reference to market bid or offer prices at the close of business on the balance sheet date.
The fair value of liabilities with a demand feature is the amount payable on demand.
The fair value of interest-bearing financial assets and liabilities that are not quoted in an active market and are not payable on demand is determined by a discounted cash flow model using the current market interest rates for financial instruments with similar terms and risk characteristics.
For equity investments that are not quoted in an active market, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument that is substantially similar, or is determined using net present value techniques. Investments in funds are stated at net asset values provided by fund managers, less a liquidity discount.
The fair value of unquoted derivatives is determined either by discounted cash flows or option-pricing models.

(f) Forbearance
The Bank will consider forbearance or similar repayment programmes on a case by case basis to assist customers who are temporarily in financial difficulty and unable to meet the contractual repayments under their original agreement. Loans whose original terms have been modified including those subject to forbearance strategies are considered renegotiated loans. Such renegotiations provide objective evidence of impairment and the loan is assessed accordingly and as such individual impairment recognition is accelerated compared to those under normal contractual policy.

(g) Impairment of financial assets

An assessment is made at each balance sheet date to determine whether there is any objective evidence that a specific financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset or a group of assets is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognised in the consolidated income statement and credited to an allowance account. In the case of equity investments, impairment is reflected directly as a write down of the financial asset. Impairment losses on equity investments are not reversed through the consolidated income statement while any subsequent increases in their value are recognised directly in equity.

Objective evidence that financial assets (including equity securities) are impaired can include default or delinquency by a borrower, restructuring of a loan or advance by the Group on terms that the Group would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, the discrepancies of an active market for a security, or other observable data relating to a group of assets such as adverse changes in the payment status of borrowers or issuers in the group, or economic conditions that correlate with defaults in the group. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

The net present value of the estimated future cash flows for loans and other interest bearing financial assets is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

In addition to specific provisions against individually significant financial assets, the Group also makes collective impairment provisions on groups of financial assets, which although not identified as requiring a specific provision, have a greater risk of default than the risk at initial recognition. Financial assets are grouped on the basis of similar credit risk characteristics that are indicative of the debtors' ability to pay all amounts due according to the contractual terms and the collective impairment provision is estimated for any such group where credit risk characteristics of the group of financial assets has deteriorated. Factors such as any deterioration in country risk, industry, technological obsolescence as well as identified structural weaknesses or deterioration in cash flows are, where relevant, taken into consideration and the amount of the provision is based on the historical loss pattern within each group, adjusted to reflect current economic changes.

Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the 'provision for losses on loans and advances, non-trading investments and other assets - net' in the consolidated income statement.

(h) Hedge accounting

The Group enters into derivative instruments including foreign exchange forwards, swaps and fx options to manage exposures to interest rates and foreign currency risks, including exposures arising from forecast transactions. In order to manage particular risks, the Group applies hedge accounting for transactions which meet the specified criteria. Derivatives held for hedging purposes are stated at fair value.

At inception of the hedge relationship, the Group formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, management objectives and strategy for undertaking the hedge. The methods that will be used to assess the effectiveness of the hedging relationship form part of the Group's documentation.

Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed at each reporting date. A hedge is regarded as highly effective if the changes in fair value or cash flows attributable to the hedged risk during the period for which the hedge is designated were offset in a range of 80% to 125%. For situations where that hedged item is a forecast transaction, the Group assesses whether the transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect the consolidated income statement.

For the purposes of hedge accounting, hedges are classified into two categories: (i) fair value hedges which hedge the exposure to changes in the fair value of a recognised asset or liability; and (ii) cash flow hedges which hedge exposure to variability in cash flows that is attributable to a particular risk associated with a recognised asset or liability or a forecasted transaction.

(i) Fair value hedges

For fair value hedges which meet the conditions for hedge accounting, any gain or loss from remeasuring the hedging instrument at fair value is recognised immediately in the consolidated income statement. The hedged item is adjusted for fair value changes relating to the risk being hedged and the difference is recognised in the consolidated income statement.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortised cost, the difference between the carrying value of the hedged item on termination and the value at which it would have been carried without being hedged is amortised over the remaining term of the original hedge. If the hedged item is derecognised, the unamortised fair value adjustment is recognised immediately in the consolidated income statement.

(ii) Cash flow hedges
For cash flow hedges which meet the conditions for hedge accounting, the portion of the gain or loss on the hedging instrument which is determined to be an effective hedge is recognised initially in equity. The ineffective portion of the gain or loss, if any, on the hedging instrument is recognised immediately in the consolidated statement of income as "trading income - net".
The gains or losses on effective cash flow hedges recognised initially in equity are transferred to the consolidated statement of income in the period in which the hedged transaction impacts the consolidated statement of income.
For hedges which do not qualify for hedge accounting, any gains or losses arising from changes in the fair value of the hedging instrument are taken directly to the consolidated income statement for the year.
Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. In the case of cash flow hedges, the cumulative gain or loss on the hedging instrument recognised in equity remains in equity until the forecasted transaction occurs, unless the hedged transaction is no longer expected to occur, in which case the net cumulative gain or loss recognised in equity is transferred to the consolidated income statement for the year.

(i) Offsetting financial instruments
Financial assets and financial liabilities are only offset and the net amount reported in the consolidated balance sheet when there is a currently enforceable legal right to offset the recognised amounts and the Group intends to settle on a net basis.

(j) Property, plant and equipment
Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation of buildings and other premises and equipment is provided on a straight-line basis over their estimated useful lives. The estimated useful lives of the assets for the calculation of depreciation are as follows:
- Leasehold improvements - over the period of the lease.
- Other assets - 2 to 5 years.

(k) Revenue recognition
(i) Interest
Interest income on loans and advances is credited to the consolidated income statement on an accrual basis unless the collection of principal or interest is deemed non-recoverable, in which case interest accrual is suspended. Interest income from financial assets is calculated using the effective interest yield method.

(ii) Fees and commissions
Fees and commissions that constitute remuneration for risk are taken to the consolidated income statement over the duration of the risk. Front-end fees, net of direct costs, are charged to cover the costs of a continuing service to a borrower and are recognised over the life of the related advance. Other front-end fees are accounted for on a cash basis. Fund management fees are credited to the income statement on an accruals basis as services are provided.

(iii) Dividend income
Dividend income is recognised when the right to receive payment is established.

(iv) Operating leases
Rentals receivable and payable under operating leases are charged in the consolidated income statement on a straight line basis over the lease term.

(v) Segment information Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the Management Committee including the Chief Executive Officer and Deputy Chief Executive Officers.

(l) Cash and cash equivalents
Cash and cash equivalents comprise cash and balances with central banks, excluding mandatory reserve deposits, together with those deposits with banks and other financial institutions and treasury bills having an original maturity of three months or less.

(m) Provisions
Provisions are recognised when the Group has a present obligation arising from a past event, and the costs to settle the obligation are both probable and able to be reliably estimated.

(n) Employee benefits
Defined benefit pension plan Pension costs are recognised on a systematic basis so that the costs of providing retirement benefits to employees are evenly matched, so far as possible, to the service lives of the employees concerned. Remeasurements of the net defined benefit liability, which comprise actuarial gains or losses, the return on plan assets and the effect of the asset ceiling (if any), both excluding interest, are recognised immediately in other comprehensive income.

Defined contribution plans

Ahli United Bank (UK) PLC also operates a defined contribution plan, the costs of which are recognised in the period to which they relate.

(o) Taxation

Deferred tax is recognised in respect of all temporary differences that have originated but not reversed at the reporting date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less tax, except that deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying temporary differences can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which temporary differences reverse, based on tax rates and laws enacted or substantively enacted at the reporting date.

The amounts reported within OCI are net of tax.

(p) Fiduciary assets

Assets held in trust or in a fiduciary capacity (note 29) are not treated as assets of the Group and, accordingly, are not incorporated in the consolidated balance sheet.

(q) Financial guarantees and loans commitments

In the ordinary course of business, the Group gives financial guarantees, consisting of letters of credit, guarantees and acccptances. Financial guarantees are contracts that require the Group to make specified payments to reimburse the holders for a loss that is incurred because a specified holder fails to make payments when due in accordance with the terms of a debt instrument. Loans commitments are firm commitments to provide credit under pre-specified terms and conditions.Financial guarantees are initially recognised in the consolidated financial statements at fair value, adjusted for transactions costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group's liability under each guarantee is measured at the higher of the amortised commission and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

2 SEGMENT INFORMATION

The Group's income during the year related solely to banking activities.
For management purposes the Bank is organised into three major business segments:

- Retail banking principally handling individual customers' deposit and current accounts, providing consumer loans, residential mortgages, overdrafts, credit cards and fund transfer facilities.
- Corporate banking (including treasury and investments) principally handling loans and other credit facilities, and providing money market and treasury services, as well as management of the Bank's funding.
- Private banking and wealth management principally servicing high net worth clients through a range of investment products, funds, credit facilities, trusts and alternative investments.

Transactions between segments, including intersegmental interest charges, are conducted at approximate market rates on an arm's length basis.

Segment information for the year ended 31 December 2014 is as follows:

	RETAIL BANKING $000	CORPORATE BANKING $000	PRIVATE BANKING $000	TOTAL $000
Net interest income	9,405	27,884	12,802	50,091
Net fee income	2,434	5,297	11,764	19,495
Other income / (expense)	-	15,284	(142)	15,142
	11,839	48,465	24,424	84,728
Impairment recoveries	864	7,071	823	8,758
Net operating income	12,703	55,536	25,247	93,486
Operating expenses	(4,270)	(8,337)	(18,423)	(31,030)
Profit before tax	8,433	47,199	6,824	62,456
Income tax expense	(1,814)	(10,144)	(1,470)	(13,428)
Profit after tax	6,619	37,055	5,354	49,028
Segmental assets	579,425	2,531,803	507,202	3,618,430
Unallocated assets				52,998
Total assets				3,671,428
Segmental liabilities	1,064	919,181	2,360,648	3,280,893
Unallocated liabilities				95,855
Total liabilities				3,376,748

Segment information for the year ended 31 December 2013 is as follows:

	RETAIL BANKING $000	CORPORATE BANKING $000	PRIVATE BANKING $000	TOTAL $000
Net interest income	8,896	27,185	10,646	46,727
Net fee income	1,926	2,220	12,691	16,837
Other income / (expense)	-	9,950	(85)	9,865
	10,822	39,355	23,252	73,429
Impairment (charges) / recoveries	1	4,580	-	4,581
Net operating income	10,823	43,935	23,252	78,010
Operating expenses	(3,917)	(8,658)	(17,002)	(29,577)
Profit before tax	6,906	35,277	6,250	48,433
Income tax expense	(1,119)	(5,086)	(1,012)	(7,217)
Profit after tax	5,787	30,191	5,238	41,216
Segmental assets	601,920	3,017,262	498,419	4,117,601
Unallocated assets				34,343
Total assets				4,151,944
Segmental liabilities	999	1,629,539	2,133,159	3,763,697
Unallocated liabilities				90,979
Total liabilities				3,854,676

Interest is analysed on a net basis above as this is the key interest performance indicator for each segment.
Unallocated assets / liabilities comprise derivative financial instruments, tax, fixed assets, retirement benefit scheme related balances, prepayments & accruals,

Interest income is analysed by geographic area in note 3.

3 NET INTEREST INCOME

	2014 $000	2013 $000
Non-trading investments	**20,432**	22,645
Deposits with banks and other financial institutions	**14,793**	23,256
Loans and advances	**53,922**	54,765
Interest income	**89,147**	100,666
Deposits from banks and other financial institutions	**22,268**	32,528
Customer deposits	**16,642**	21,212
Subordinated liabilities	**146**	199
Interest expense	**39,056**	53,939
Net interest income	**50,091**	46,727

Interest income is analysed by geographic area as follows:

	EUROPE (excl. UK) $000	GULF COOPERATION COUNCIL $000	UNITED KINGDOM $000	UNITED STATES OF AMERICA $000	OTHER $000	**TOTAL $000**
Interest income						
2014	**22,774**	**12,897**	**32,601**	**4,841**	**16,034**	**89,147**
2013	35,521	7,138	47,526	234	10,247	100,666

4 OTHER OPERATING INCOME

	2014 $000	2013 $000
Profit / (Loss) on sale of available-for-sale investments and related hedging instruments	**2,223**	(7)
Income arising on other fund investments	**10,692**	6,077
	12,915	6,070

5 STAFF COSTS

	2014 $000	2013 $000
Staff cost:		
- wages and salaries	**13,868**	12,076
- social security costs	**1,632**	1,331
- net interest on net defined benefit liability	**247**	870
- other pension costs	**1,292**	844
- other staff costs	**479**	685
	17,518	15,806

The average monthly number of employees during the year was 112 (2013: 99).

Since 1 July 2013, the fund administrative expenses have been met directly by the bank and are reported within other pension costs.

Payments of $193,000 have been made to the defined contribution scheme in respect of three Directors. The emoluments of the Directors do not include any *amounts in respect of the share based payment scheme. The emoluments include all fees and expenses and are stated gross before the deduction of UK* income tax. The pension costs of the highest paid director were $84,000.
The emoluments of the highest paid director in 2014 was $465,000 (2013: $472,000).

6 PROFIT BEFORE TAX

	2014 $000	2013 $000
Profit before tax is stated after crediting:		
Income from listed securities	20,432	22,645
Income from leased properties	110	110
Fee income from: net fund management and performance fees	6,090	6,395
Fee income from: trust and other fiduciary activities	1,981	1,926
and after charging:		
Directors' remuneration	1,739	2,229
Auditor's'remuneration		
- group statutory audit fee	249	268
- audit related assurance services	88	82
- taxation compliance services	-	82
Depreciation	1,077	976
Operating lease rentals	1,938	2,040

Included within operating expenses were:	2014 $000	2013 $000
Staff costs - note 5	17,518	15,806
Depreciation	1,077	976
Other operating expenses	12,435	12,795
	31,030	29,577

7 INCOME TAX EXPENSE

	2014 $000	2013 $000
Current tax expense - UK corporation tax on profits for the year	12,064	11,106
UK corporation tax relating to previous years	-	(4,049)
Deferred tax charge - origination and reversal of temporary differences	1,364	160
Income tax expense	13,428	7,217

	2014 $000	2013 $000
Profit before tax	62,456	48,433
Multiplied by the average rate of corporation tax in the UK of 21.5% (2013: 23.25%)	13,428	11,261
Effects of:		
Expenses not deductible for tax purposes	38	733
Income not subject to tax	(38)	(728)
UK corporation tax relating to previous years	-	(4,049)
Income tax expense	13,428	7,217

The effective income tax rate for 2014 is 21.5% (2013:14.9%)
The tax credit relating to available-for-sale investment profits is $1.1 million (2013: $3.2 million tax debit).

8 LOANS AND ADVANCES TO BANKS

GROUP AND BANK	2014 $000	2013 $000
Repayable:		
- on demand	837,713	1,299,222
- within three months	50,000	165,000
	887,713	1,464,222

	2014 $000	2013 $000
Included within the above amounts:		
Amounts due from parent and fellow subsidiary undertakings	52,541	32,083

9 REVERSE REPURCHASE AND REPURCHASE AGREEMENTS

GROUP AND BANK	2014 $000	2013 $000
Reverse repurchase agreements		
Banks	227,452	15,000

	2014 $000	2013 $000
Included within the above amounts		
Amounts due from parent and fellow subsidiary undertakings	227,452	15,000

GROUP AND BANK	2014 $000	2013 $000
Repurchase agreements		
Banks	-	15,204

	2014 $000	2013 $000
Included within the above amounts:		
Amounts due to parent and fellow subsidiary undertakings	-	15,204

10 LOANS AND ADVANCES TO CUSTOMERS

GROUP AND BANK	2014 $000	2013 $000
Repayable:		
- on demand	11,287	15,691
- within three months	69,618	103,151
- between three months and one year	126,308	182,055
- between one and five years	690,280	777,226
- after five years	525,539	546,397
Provisions (note 11)	(8,300)	(27,197)
	1,414,732	1,597,323

	2014 $000	2013 $000
Included within the above amounts:		
Amounts due from fellow subsidiary undertakings	-	-

11 PROVISIONS FOR LOSSES ON LOANS AND ADVANCES, IMPAIRMENT OF NON-TRADING INVESTMENTS AND OTHER ASSETS - NET

Loans and advances to banks, customers and non-trading investments are stated net of the following provisions:

GROUP AND BANK	SUSPENDED INTEREST 2014 $000	PROVISIONS 2014 $000	TOTAL 2014 $000	TOTAL 2013 $000
At 1 January	1,164	26,033	27,197	41,028
Applied against non trading investments			-	6,638
Applied in writing off advances	(1,084)	(8,412)	(9,496)	(15,758)
Exchange rate movements	(80)	(563)	(643)	69
Provision release for the year	-	(10,058)	(10,058)	(13,003)
Charge during the year	-	1,300	1,300	10,971
Recoveries during the year	-	-	-	(2,748)
At 31 December	-	8,300	8,300	27,197
Of which:				
In respect of loans and advances to customers (note 10)			8,300	27,197

	2014	2013
Release for provisions against loans and advances to banks and customers	(8,758)	(4,780)
Provision charge against investments in group undertakings	-	199
Provision release for the year	(8,758)	(4,581)

The net carrying amount for specific impaired exposure was $1,330,000 (2013: $10,856,000).

12 NON-TRADING INVESTMENTS

GROUP AND BANK	2014 $000	2013 $000
Non-trading investments issued by Other Issuers		
Central and Local Government	**600,221**	479,172
Banks and Building Societies	**353,182**	337,787
Other	**131,230**	218,599
	1,084,633	1,035,558
Non-trading investments analysed by maturity:		
Due within one year	**405,698**	384,877
Due after one year	**678,935**	650,681
	1,084,633	1,035,558
Non-trading investments analysed by listing status:		
Listed	**1,048,311**	992,289
Unlisted	**36,322**	43,269
	1,084,633	1,035,558

13 INVESTMENTS IN JOINT VENTURES

The Group has a 50% interest and a 35% share in profits of Rosefarm Estates PLC, a jointly controlled entity involved in the property development, mainly centred on the eurokent business park in Thanet, Kent. The Group's interest in Rosefarm Estates PLC is accounted for using the equity method in the group financial statements.

The Group has a 50% interest in Swinbury Limited, a jointly controlled entity involved in residential property development in Swindon. The Group's interest in Swinbury Limited is accounted for using the equity method in the group financial statements.

	Rosefarm 2014 $000	Swinbury 2014 $000	GROUP 2014 $000	GROUP 2013 $000
Assets	**9,564**	**1,529**	**11,094**	12,433
Liabilities	**(4,164)**	**(1,877)**	**(6,041)**	(3,263)
Equity	**5,400**	**(348)**	**5,052**	9,170
Proportion of Group ownership	**50%**	**50%**		50%
Proportion of Group share of profit after tax	**35%**	**50%**		35%
Cost of investment in joint ventures (Bank only)	**78**	**-**	**78**	81
Share of joint venture profit (loss) after tax	**1,890**	**(174)**	**1,716**	3,129
Total group carrying value of investment	**1,968**	**(174)**	**1,794**	3,210

	2014 $000	2014 $000	2014 $000	2013 $000
Revenue	**13,889**	**-**	**13,889**	14,507
Expenses	**(1,901)**	**-**	**(1,901)**	(3,201)
Tax	**(2,569)**	**-**	**(2,569)**	(2,365)
Profit after tax	**9,420**	**-**	**9,420**	8,941
Group share of profits / (loss) after tax	**3,297**	**(174)**	**3,123**	3,129
Recognised in 2013 *	**(3,129)**	**-**	**(3,129)**	-
Group share of profits / (loss) after tax	**168**	**(174)**	**(6)**	3,129

* The Financial Reporting year for Rosefarm Estates PLC and Swinbury Ltd are both 31st March and therefore not coterminous with the group.

14 INVESTMENTS IN GROUP UNDERTAKINGS

BANK	2014 $000	2013 $000
Shares at cost	**193**	**198**

The following are the principal subsidiaries All operating entities are engaged in the provision of financial services.

Name	Country of incorporation	Percentage holding	Status
IIBU II Fund PLC	Ireland	100%	In liquidation
AUB Finance BV *	The Netherlands	100%	-
The UBK European Property Company Limited	Guernsey	100%	-
AUB Trustees (Guernsey) Limited	Guernsey	100%	-
AUB Investment Holdings	United Kingdom	100%	Dormant
AUB CLOF (Jersey) No 1 Company Limited	Channel Islands	100%	-
AUB Secretaries Limited	United Kingdom	100%	Dormant

* Consolidation reporting date 30/9/2014.

15 PROPERTY, PLANT AND EQUIPMENT

GROUP AND BANK	LEASEHOLD IMPROVEMENTS $000	FIXTURES, FITTINGS AND EQUIPMENT $000	TOTAL $000
Cost			
At 1 January 2014	5,940	17,568	**23,508**
Additions	19	1,197	**1,216**
At 31 December 2014	**5,959**	**18,765**	**24,724**
Depreciation:			
At 1 January 2014	3,435	15,376	**18,811**
Charge for the year	264	813	**1,077**
At 31 December 2014	**3,699**	**16,189**	**19,888**
Net book value at 31 December 2014	**2,260**	**2,576**	**4,836**
Net book value at 1 January 2014	2,505	2,188	4,693
Cost			
At 1 January 2013	5,940	16,970	**22,910**
Additions	-	598	**598**
At 31 December 2013	**5,940**	**17,568**	**23,508**
Depreciation:			
At 1 January 2013	3,172	14,667	**17,839**
Charge for the year	263	713	**976**
At 31 December 2013	**3,435**	**15,380**	**18,815**
Net book value at 31 December 2013	**2,505**	**2,188**	**4,693**
Net book value at 1 January 2013	2,768	2,303	5,071

16 TAXATION

GROUP AND BANK	2014 $000	2013 $000
Current tax liability	**(6,991)**	(9,560)
Deferred tax asset	**4,825**	1,910
	(2,166)	(7,650)

GROUP AND BANK	2014 $000	2013 $000
Deferred tax asset at 1 January	**1,910**	5,631
Effect of decrease tax rate and currency translation	**(111)**	(277)
Deferred tax credit	**(1,253)**	117
Deferred tax credit for the year	**(1,364)**	**(160)**
Deferred tax credit / (charge) in reserves	**4,279**	(3,561)
Deferred tax asset at 31 December	**4,825**	1,910

GROUP AND BANK Deferred Tax asset	2014 $000	2013 $000
Decelerated capital allowances	**(143)**	(82)
Timing differences - provisions	**138**	275
Pension fund	**4,830**	1,717
	4,825	1,910

Deferred tax is calculated on temporary differences using the tax rate at which the temporary differences is expected to unwind.The Finance Act 2012 *reduced the UK corporation tax from 24% to 23% with effect from 1 April 2013. The Finance Act 2013 further reduced the main tax rate to 21% from* 1 April 2014 and 20% from 1 April 2015. These changes to the main tax rate had been enacted at the balance sheet date and therefore been reflected in these financial statements.

17 PREPAYMENTS, ACCRUED INCOME AND OTHER ASSETS

	GROUP		BANK	
	2014 $000	2013 $000	**2014 $000**	2013 $000
Prepayments and accrued income	**14,043**	16,088	**14,043**	16,088
Other assets	**2,634**	2,693	**2,579**	2,693
	16,677	18,781	**16,622**	18,781

18 DEPOSITS FROM BANKS

	GROUP		BANK	
	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Repayable:				
- on demand	**20,043**	13,235	**20,043**	13,354
- within three months	**97**	-	**97**	-
- between three months and one year	**-**	-	**-**	-
	20,140	13,235	**20,140**	13,354

	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Included within the above amounts:				
Amounts due to parent and fellow subsidiary undertakings	**15,394**	4,376	**15,394**	4,376

19 CUSTOMER DEPOSITS

	GROUP		BANK	
	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Repayable:				
- on demand	**1,122,277**	1,580,695	**1,122,409**	1,580,695
- within three months	**870,015**	673,242	**870,015**	673,242
- between three months and one year	**1,202,882**	673,764	**1,202,882**	673,764
- between one and five years	**53,347**	794,944	**53,347**	794,944
	3,248,521	3,722,645	**3,248,653**	3,722,645

	2014 **$000**	2013 $000
Included within the above amounts:		
Amounts due to fellow subsidiary undertakings (on demand)	**2**	2

20 ACCRUALS, DEFERRED INCOME AND OTHER LIABILITIES

	GROUP		BANK	
	2014 **$000**	2013 $000	**2014** **$000**	2013 $000
Accruals and deferred income	**25,268**	23,516	**25,268**	23,531
Other liabilities	**7,794**	4,786	**7,886**	4,706
	33,062	28,302	**33,154**	28,237

21 SUBORDINATED LIABILITIES

These borrowings are subordinated to the claims of all other creditors of the Bank:

GROUP AND BANK	**2014** **$000**	2013 $000
Sterling loan stock carrying interest at six months LIBOR plus 3/4%*;	**5,624**	5,958
Sterling loan stock carrying interest at six months LIBOR plus 3/4%, repayable 2016	**791**	838
US$ loan stock carrying interest at six months LIBOR plus 3/4%*	**5,100**	5,100
US$ loan stock carrying interest at six months LIBOR plus 3/4%, repayable 2016	**717**	717
The funds provided by these subordinated loans raised by AUB Finance BV have all been lent to the Bank on similar terms but with interest payable at 1/8% over the rates shown.		
	12,232	12,613

* The loan stock is redeemable by holders giving notice of five years and one day.

22 SHARE CAPITAL AND SHARE PREMIUM

GROUP AND BANK	AUTHORISED 2014 $000	AUTHORISED 2013 $000	ISSUED AND FULLY PAID 2014 $000	ISSUED AND FULLY PAID 2013 $000
Ordinary shares at £1 each (50,000 shares)	**80**	80	**80**	80
Ordinary shares at $1 each	**500,000**	500,000	**200,000**	200,000
	500,080	500,080	**200,080**	200,080
Share premium			**128**	128
			200,208	200,208

23 CAPITAL AND RESERVES

GROUP	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2014					
At 1 January 2014	200,080	128	17,075	79,985	**297,268**
Profit for the year	-	-	-	49,028	**49,028**
Available-for-sale investments valuation losses	-	-	(3,811)	-	**(3,811)**
Actuarial loss (IAS19 Revised 2011)	-	-	-	(18,016)	**(18,016)**
Total comprehensive income	-	-	(3,811)	31,012	**27,201**
Dividend paid	-	-	-	(30,000)	**(30,000)**
Consolidation reserves from subsidiary undertaking	-	-	-	216	**216**
Currency translation differences	-	-	-	(5)	**(5)**
At 31 December 2014	200,080	128	13,264	81,208	**294,680**

GROUP	SHARE $000	SHARE $000	OTHER $000	RETAINED $000	TOTAL $000
Changes in equity 2013					
At 1 January 2013	200,080	128	7,257	52,172	**259,637**
Profit for the year	-	-	-	41,216	**41,216**
Available-for-sale investments valuation gains	-	-	9,818	-	**9,818**
Actuarial gain (IAS19 Revised 2011)	-	-	-	6,595	**6,595**
Total comprehensive income	-	-	9,818	47,811	**57,629**
Dividend paid	-	-	-	(20,000)	**(20,000)**
Currency translation differences	-	-	-	2	**2**
At 31 December 2013	200,080	128	17,075	79,985	**297,268**

BANK	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2014					
At 1 January 2014	200,080	128	17,075	77,000	**294,283**
Profit for the year	-	-	-	50,298	**50,298**
Available-for-sale investments valuation losses	-	-	(3,811)	-	**(3,811)**
Actuarial loss (IAS19 Revised 2011)	-	-	-	(18,016)	**(18,016)**
Total comprehensive income	-	-	(3,811)	32,282	**28,471**
Dividend paid	-	-	-	(30,000)	**(30,000)**
Currency translation differences	-	-	-	(5)	**(5)**
At 31 December 2014	200,080	128	13,264	79,277	**292,749**

BANK	SHARE CAPITAL $000	SHARE PREMIUM $000	OTHER RESERVES $000	RETAINED EARNINGS $000	TOTAL $000
Changes in equity 2013					
At 1 January 2013	200,080	128	7,257	52,172	**259,637**
Profit for the year	-	-	-	38,231	**38,231**
Available-for-sale investments valuation gains	-	-	9,818	-	**9,818**
Actuarial gain (IAS19 Revised 2011)	-	-	-	6,595	**6,595**
Total comprehensive income	-	-	9,818	44,826	**54,644**
Dividend paid	-	-	-	(20,000)	**(20,000)**
Currency translation differences	-	-	-	2	**2**
At 31 December 2013	200,080	128	17,075	77,000	**294,283**

24 CONTINGENT LIABILITIES

GROUP AND BANK	2014 $000	2013 $000
Guarantees	12,366	13,503
	12,366	13,503

To facilitate its day-to-day securities settlement operations Ahli United Bank (UK) PLC has given a floating charge on its debt securities portfolio (note 12).

An aged analysis is given below:

GROUP AND BANK	2014 $000	2013 $000
- within one year	12,226	13,025
- over five years	140	478
	12,366	13,503

Contingent liabilities are analysed by geographic area and industry sector as follows:

GROUP AND BANK	2014 $000	2013 $000
Geographic area:		
Europe (excluding United Kingdom)	135	144
Gulf Cooperation Council Countries	8,810	9,163
United Kingdom	3,346	4,121
Other	75	75
	12,366	13,503

	2014 $000	2013 $000
Industry sector:		
Finance	17	-
Personal	273	610
Real Estate	233	18
Government	11,843	12,875
	12,366	13,503

25 COMMITMENTS

The amounts shown below are intended to provide an indication of the volume of business transacted and not of the underlying credit or other risks.

GROUP AND BANK	CONTRACT OR UNDERLYING PRINCIPAL AMOUNT	
	2014 $000	2013 $000
Formal standby facilities, credit lines and other commitments to lend:		
- within one year	55,383	106,265
- between one and five years	51,435	70,282
- over five years	10,645	15,434
	117,463	191,981

Forward and futures contracts outstanding at 31 December 2014 are analysed in note 26.
At 31 December 2014 there were $915,000 (2013: $1,374,000) contracted capital commitments.

Commitments are analysed by geographic region and industry sector as follows:

GROUP AND BANK	2014 $000	2013 $000
Geographic region:		
Europe (excluding United Kingdom)	16,248	66,793
Gulf Cooperation Council Countries	8,459	31,603
United Kingdom	83,722	82,237
Other	9,034	11,348
	117,463	191,981

GROUP AND BANK	2014 $000	2013 $000
Industry sector:		
Finance	16,618	29,994
Manufacturing	1,978	6,502
Personal	25,954	46,475
Real Estate	72,913	108,962
Other	-	48
	117,463	191,981

There are outstanding commitments under non-cancellable operating leases, which fall due as follows:

GROUP AND BANK	2014 $000	2013 $000
-within one year	1,938	2,040
-between one and five years	1,646	3,467
	3,584	5,507

Operating lease payments predominately represent rentals payable by the Group for leases of office properties.

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT

The major risks associated with the Bank's and Group's businesses are credit risk, liquidity risk, operational risk and market risk.

Credit Risk

Credit Risk is the risk that companies, financial institutions and other counterparties will be unable to meet their obligations to the Group. Credit Risk arises principally from lending but also from other transactions involving on and off balance sheet instruments. The Risk Committee in conjunction with the Risk Management Department have the responsibility for developing and implementing policies to ensure that all exposures are properly pre-approved, measured and controlled. With the exception of certain small retail loans, all credits are independently pre-approved including, for credits above a set limit, by the Parent Undertaking's Executive Committee. Credit proposals are put through a comprehensive risk assessment which examines the customer's financial condition and trading performance, nature of the business, quality of management and market position. In addition an internal risk rating model scores these quantitative and qualitative factors. The credit approval decision is then made and terms and conditions set. Exposure limits are based on the aggregate exposure to the counterparty. All credit exposures are reviewed at least annually. Measurement of credits includes geographic, product, market and individual counterparty concentration. Small loans are not authorised by the parent undertaking.

All exposures are checked daily against approved limits, independently of each business unit, and are reported to the senior management.
The Group's first priority when making loans is to establish the borrower's capacity to repay and not rely principally on security / collateral. Where the customer's financial standing is strong, facilities may be granted on an unsecured basis, but when necessary collateral is an essential credit risk mitigate.
Acceptable forms of collateral are defined within the credit risk framework and conservative valuation parameters are also pre-set and regularly reviewed to reflect any changes in market conditions. Security structures and legal covenants are also subject to regular review to ensure that they continue to fulfil their intended purpose and remain in line with market practice. Guidelines are in place regarding the acceptability of types of collateral and valuation parameters.

The principal collateral types are as follows:

- mortgages over residential properties;
- charges over business assets such as premises, plant, stock and receivables;
- charges over commercial properties being financed; and
- charges over financial instruments, such as debt securities and equities.

The Group monitors the market value of collateral and requests additional collateral when necessary in accordance with the underlying agreement.
Four possession orders were obtained in 2014, but not enforced (2013: $1.8 million).
Arrears policy is strictly controlled. The size of the balance sheet is such that it is possible to monitor each individual exposure to evaluate if specific provisions are necessary and adequate. A dedicated corporate recovery team within the Risk Management Department provides managerial focus to remedial situations. Additionally, a collective provision is held to cover any losses where there is objective evidence that losses may be present in components of the financial assets portfolio at the reporting date. These have been estimated based on historical patterns of losses in each component, the credit ratings allotted to the borrowers and reflecting the current economic climate in which the borrowers operate. The majority of lending, excluding interbank, is secured on assets. The main geographical credit exposure is to the UK markets.

It is the Group's policy to maintain consistent internal risk ratings across the credit portfolio. The credit quality of the portfolio of loans and advances that are neither past due nor impaired can be assessed by reference to the Group's internal credit rating system. This facilitates focused portfolio management of the inherent risk across all lines of business.

The three credit quality ratings given can be equated to the following risk grades:

High Standard	Risk Rating 1 to 4	Undoubted through to Good Credit Risk
Standard	Risk Rating 5 to 6	Satisfactory through to Adequate Credit Risk
Watch list	Risk Rating 7	Watch List Credit Risk
Criticised	Risk Rating 8 to 10	Criticised List Credit Risk

The rating system is supported by various financial analytics and qualitative market information for the measurement of counterparty risk.
Loans and advances are further analysed in the tables below into the following categories:

Retail	principally individual customers' consumer loans, residential mortgages and overdrafts.
Corporate	principally loans and other credit facilities for corporate and institutional customers. Also included are credit facilities to high net worth individuals.

On the basis of objective indicators such as the borrower's financial condition, business situation and satisfaction of interest and principal payments, we review case by case whether there are signs of a credit risk-related impairment which is likely to leave the borrower unable to meet all or part of its payment obligations.

Risk provisioning is quantified as the difference between the carrying value of the loan and the present value of estimated future cash flows in the form of interest and principal payments, cash flows resulting from restructuring and discounted in each case at the original effective interest rate, and the discounted proceeds expected from the sale of collateral.

If a borrower's financial situation improves to the point that the reasons for the allowance no longer exist the reversal is recognised in the statement of income up to the amount of the amortised cost. Where a loan is sold, any sale proceed amount greater or less than the net loan and impairment value is recognised in the statement of income.

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

Gross Exposures which are neither past due nor impaired, are analysed by asset class and broad risk categories as follows:

2014	HIGH STANDARD GRADE $000	STANDARD GRADE $000	WATCH-LIST $000	**TOTAL $000**
Loans and advances to banks	887,576	137	-	**887,713**
Derivative financial instruments	24,866	-	-	**24,866**
Reverse repurchase agreements	227,452	-	-	**227,452**
Loans and advances to customers				
Retail	540,176	17,506	832	**558,514**
Corporate	698,450	92,091	10,839	**801,380**
Investment securities				
Available-for-sale	1,048,311	36,322	-	**1,084,633**
Investments in a joint venture	1,794	-	-	**1,794**
	3,428,625	**146,056**	**11,671**	**3,586,352**

2013	HIGH STANDARD GRADE $000	STANDARD GRADE $000	WATCH-LIST $000	TOTAL $000
Loans and advances to banks	1,464,074	148	-	1,464,222
Derivative financial instruments	5,832	-	-	5,832
Reverse repurchase agreements	15,000	-	-	15,000
Loans and advances to customers				
Retail	536,239	27,221	4,878	568,338
Corporate	790,196	133,471	11,425	935,092
Investment securities				
Available-for-sale	973,659	61,899	-	1,035,558
Investments in a joint venture	3,210	-	-	3,210
	3,788,210	222,739	16,303	4,027,252

An aged analysis of gross Loans and advances which are past due but not impaired is given below:

	RETAIL **2014** **$000**	CORPORATE **2014** **$000**	RETAIL 2013 $000	CORPORATE 2013 $000
Less than 30 days	3,718	6,850	9,579	48,976
Between 30 days and 60 days	4,882	19,728	8,716	8,553
Between 60 days and 90 days	1,797	12,944	7,737	582
Greater than 90 days	5,031	6,288	1,171	7,703
	15,428	**45,810**	27,203	65,814
Collateral	**59,912**	**122,516**	103,885	186,584

The collateral comprises residential properties.

Gross and net exposures to individually impaired Loans and advances can be analysed as follows:

	GROSS **2014** **$000**	NET **2014** **$000**	GROSS 2013 $000	NET 2013 $000
Retail	-	-	1,266	989
Corporate	1,900	1,330	26,807	9,867
	1,900	**1,330**	28,073	10,856
Collateral		**1,000**		19,382

The collateral held against individually impaired loans comprises commercial and residential properties.
Specific provisions and interest in suspense totalling $570,000 (2013:$17,217,000) were held against these impaired loans and advances.
A collective impairment provision totalling $7,730,000 (2013: $9,980,000) was held against other loans and advances.
No individually impaired loans were restructured during the year. Interest income includes $250,817 (2013: $253,071) recovered on impaired Loans and Advances.
All non-cash collateral held against Financial Assets is convertible into cash by means of a sale process upon repossession of the underlying Financial Asset.

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

Net Exposures are analysed by geography as follows:

2014	EUROPE (excl. UK) $000	GCC COUNTRIES $000	UNITED KINGDOM $000	UNITED STATES OF AMERICA $000	OTHER $000	TOTAL $000
Loans and advances to banks	320,506	102,927	430,001	33,506	773	887,713
Derivative financial instruments	-	31	24,835	-	-	24,866
Reverse repurchase agreements	-	227,452	-	-	-	227,452
Loans and advances to customers						
Retail	78,017	61,399	230,975	17,364	180,272	568,027
Corporate	310,820	183,171	252,191	5	100,518	846,705
Investment securities						
Available-for-sale	216,814	121,201	362,456	149,975	234,187	1,084,633
Investments in joint ventures	-	-	1,794	-	-	1,794
Contingent liabilities	135	8,810	3,346	-	75	12,366
Commitments	16,248	8,459	83,722	-	9,034	117,463
	942,540	713,450	1,389,320	200,850	524,859	3,771,019

2013	EUROPE (excl. UK) $000	GCC COUNTRIES $000	UNITED KINGDOM $000	UNITED STATES OF AMERICA $000	OTHER $000	TOTAL $000
Loans and advances to banks	450,115	117,594	463,831	326,916	105,766	1,464,222
Derivative financial instruments	0	233	5,599	-	-	5,832
Reverse repurchase agreements	-	15,000	-	-	-	15,000
Loans and advances to customers						
Retail	58,745	161,941	250,786	10,187	114,871	596,530
Corporate	454,922	33,090	289,958	2,548	220,275	1,000,793
Investment securities						
Available-for-sale	200,187	155,619	424,986	11,337	243,429	1,035,558
Investments in joint ventures	-	-	3,210	-	-	3,210
Contingent liabilities	144	9,163	4,121	-	75	13,503
Commitments	66,793	31,603	82,188	2,416	8,981	191,981
	1,230,906	524,243	1,524,679	353,404	693,397	4,326,629

Net Exposures are analysed by industry as follows:

2014	FINANCE $000	MANU-FACTURING $000	PERSONAL $000	REAL ESTATE $000	OTHER $000	TOTAL $000
Loans and advances to banks	887,713	-	-	-	-	887,713
Derivative financial instruments	24,866	-		-	-	24,866
Reverse repurchase agreements	227,452	-	-	-	-	227,452
Loans and advances to customers						
Retail	-	-	405,113	155,832	7,082	568,027
Corporate	164,582	5,352	-	650,971	25,800	846,705
Investment securities						
Available-for-sale	368,499	19,458	-	78	696,598	1,084,633
Investments in joint ventures	-	-	-	1,794	-	1,794
Contingent liabilities	17	273	-	233	11,843	12,366
Commitments	16,618	1,978	25,954	72,913	-	117,463
	1,689,747	27,061	431,067	881,821	741,323	3,771,019

2013	FINANCE $000	MANU-FACTURING $000	PERSONAL $000	REAL ESTATE $000	OTHER $000	TOTAL $000
Loans and advances to banks	1,464,222	-	-	-	-	1,464,222
Derivative financial instruments	5,765	-		-	67	5,832
Reverse repurchase agreements	15,000	-	-	-	-	15,000
Loans and advances to customers						
Retail	-	-	500,889	94,191	1,450	596,530
Corporate	9,478	16,819	-	958,259	16,237	1,000,793
Investment securities						
Available-for-sale	378,359	45,466	-	-	611,733	1,035,558
Investments in joint ventures	-	-	-	3,210	-	3,210
Contingent liabilities	-	0	610	18	12,875	13,503
Commitments	29,994	6,502	46,475	108,962	48	191,981
	1,902,818	68,787	547,974	1,164,640	642,410	4,326,629

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

Liquidity Risk

Liquidity is managed by the Asset and Liability Committee which ensures the ability of the Group to meet the demands of customers for additional borrowing and to replace existing deposits as they mature both under normal market conditions as well as for a range of board approved, mild to extreme stress scenarios. A portfolio of highly liquid securities is maintained in order to provide liquidity during times of stress. These assets meet criteria set by the PRA under its Liquidity Guidelines. At all times the value of these highly liquid assets exceeds a minimal amount set by the PRA based upon its own prescribed stress scenarios.
Liquidity policy covers all currencies and specifies the means of monitoring the Group's liquidity adequacy as specified above including the volatility of the deposit base and diversification of funding.
Procedures in the event of extreme market conditions are also included as well as responsibilities for reporting and approving reports and limits.

The undiscounted contractual cash flows of financial liabilities at the reporting date of both derivative and non-derivative financial instruments are as follows:

2014	Within 1 month $000	Within 3 months $000	After 3 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	Total $000	Per Balance Sheet $000
Deposits from banks	19,531	44	784	87	-	**20,446**	20,140
Repurchase agreements	-	-	-	-	-	**-**	-
Customer deposits	1,125,910	305,075	1,029,533	791,637	-	**3,252,155**	3,248,521
Subordinated liabilities	-	39	-	1,507	10,722	**12,268**	12,232
Total liabilities	**1,145,441**	**305,158**	**1,030,317**	**793,231**	**10,722**	**3,284,869**	3,280,893
Derivatives - inflows	(828)	(298)	(5,529)	(16,703)	(1,507)	**(24,865)**	
Derivatives - outflows	247	34	14,842	10,772	9,008	**34,903**	
Total	**1,144,860**	**304,894**	**1,039,630**	**787,300**	**18,223**	**3,294,907**	

2013	Within 1 month $000	Within 3 months $000	After 3 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	Total $000	Per Balance Sheet $000
Deposits from banks	13,240	-	-	-	-	**13,240**	13,235
Repurchase agreements	-	-	15,226	-	-	**15,226**	15,204
Customer deposits	1,884,159	372,757	675,061	795,680	-	**3,727,657**	3,722,645
Subordinated liabilities	15	29	132	2,217	11,446	**13,839**	12,613
Total liabilities	**1,897,414**	**372,786**	**690,419**	**797,897**	**11,446**	**3,769,962**	3,763,697
Derivatives - inflows	(885)	(1,081)	(3,003)	(19,150)	(3,730)	**(27,849)**	
Derivatives - outflows	3,731	10,066	18,467	33,930	1,367	**67,561**	
Total	**1,900,260**	**381,771**	**705,883**	**812,677**	**9,083**	**3,809,674**	

The liability maturities disclosed in the table are contractual, the majority of the deposits by customers are expected to be rolled over rather than repaid on the contractual maturity date. Consequently, the Group assesses the likelihood of repayment of these liabilities when assessing its liquidity.

Operational Risk

Operational Risk is the risk that deficiencies in information systems or internal controls result in unexpected business, financial and operating losses. The identification and control of these risks is managed by the Board of Directors. The Bank's Risk Management Department carries out a regular review of all operational areas to ensure operational risks are being properly controlled and reported to the Operational Risk Committee.
Contingency plans are in place to achieve business continuity in the event of serious disruptions to business operations.

Market Risk

Market risk is the risk of potential financial loss that may arise from adverse changes in the value of financial instruments or portfolio of financial instruments due to movements in interest rates, foreign exchange rates or other prices and volatilities. This risk arises from asset-liability mismatches, changes that occur in the yield curve, foreign exchange rates and changes in volatilities/implied volatilities in the market value of derivatives. The Group classifies exposures to market risk into either trading or non-trading portfolios. Given the Group's low risk strategy, aggregate market risk levels are considered low. The Group utilizes Value-at-Risk (VaR) models to assist in estimating potential losses that may arise from adverse market movements in addition to non-quantitative risk management techniques. The market risk for the trading portfolio is managed and monitored on a VaR methodology which reflects the inter-dependency between risk variables. Non-trading portfolios are managed and monitored using stop loss limits and other sensitivity analyses.

Currency risk is the risk that the functional currency value of a financial instrument will fluctuate due to changes in foreign exchange rates.
The Group continually monitors its currency risk position and has systems and controls in place that are able to calculate its foreign currency exposures. ALCO has set limits for each currency and exposures are measured against these on a daily basis. Any currency risk arising from the Group's commercial banking and lending activities in the banking book is transferred to and managed within the limits of the trading book.

The Group had the following significant net exposures denominated in foreign currencies as at 31 December:

	Long / (Short) 2014 $000	Long / (Short) 2013 $000
Bahraini Dinar	**7,381**	6,744
Euro	**5,878**	1,942
Great Britain Pound	**18,313**	2,135
Kuwait Dinar	**(328)**	(445)
Omani Riyal	**(138)**	(151)
Other	**(866)**	(593)

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

Interest rate risk arises from the possibility that changes in interest rates will affect the value of financial instruments or the future profitability of the Group.

The Group is exposed to interest rate risk within its Treasury operations which is monitored utilising VaR techniques as detailed in the VaR section below. Additionally the Group is exposed to interest rate risk in its non-trading book due to mismatches between the repricing dates of assets and liabilities. The net exposure is measured daily in terms of the number of equivalent futures contracts in each currency required to hedge the risk. This risk is monitored within agreed limits and the exposures at the end of the year, in total and by individual currency, were minimal.

The total interest rate mismatch, including the effect of interest rate contracts used for hedging purposes, as at the year end is stated in the table below.

2014	Effective Interest Rate %	Within 3 months $000	After 3 months but within 6 months $000	After 6 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	Non-interest bearing funds $000	Total $000
Assets								
Loans and advances to banks (including cash)	0.3	891,613	-	-	-	-	-	891,613
Reverse repurchase agreements	0.3	227,452	-	-	-	-	-	227,452
Loans and advances to customers	3.4	1,343,597	21,848	-	45,246	-	4,041	1,414,732
Non-trading Investments (including joint ventures)	3.1	164,635	363,817	-	519,859	-	38,116	1,086,427
		2,627,297	385,665	-	565,105	-	42,157	3,620,224
Non-interest earning other assets		-	-	-	-	-	51,204	51,204
Total assets		2,627,297	385,665	-	565,105	-	93,361	3,671,428
Liabilities								
Deposits from banks	0.5	20,140	-	-	-	-	-	20,140
Customer deposits	0.5	1,992,292	464,592	738,290	53,347	-	-	3,248,521
Repurchase agreements	0.7	-	-	-	-	-	-	-
Subordinated liabilities	1.2	-	12,232	-	-	-	-	12,232
		2,012,432	476,824	738,290	53,347	-	-	3,280,893
Non-interest bearing other liabilities		-	-	-	-	-	95,855	95,855
Equity shareholders' funds		-	-	-	-	-	294,680	294,680
Total liabilities		2,012,432	476,824	738,290	53,347	-	390,535	3,671,428
Total assets less total liabilities		**614,865**	**(91,159)**	**(738,290)**	**511,758**	-	**(297,174)**	-
Off balance sheet items affecting interest rate sensitivity		351,936	182,113	-	(534,049)	-	-	-
Interest rate sensitivity gap		**966,801**	**90,954**	**(738,290)**	**(22,291)**	-	**(297,174)**	
Cumulative interest rate sensitivity gap		**966,801**	**1,057,755**	**319,465**	**297,174**	**297,174**	-	

All derivative instruments held by the Group, the effect of which is to alter the interest bases of the portfolio of assets and liabilities, are reflected in the above table.
Short-term debtors and creditors are included in the above table as non-interest bearing items.

2013	Effective Interest Rate %	Within 3 months $000	After 3 months but within 6 months $000	After 6 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	Non-interest bearing funds $000	Total $000
Assets								
Loans and advances to banks (including cash)	0.1	1,469,637	-	-	-	-	-	1,469,637
Reverse repurchase agreements	0.2	15,000	-	-	-	-	-	15,000
Loans and advances to customers	3.5	1,501,991	-	47,441	44,083	-	3,808	1,597,323
Non-trading Investments (including joint ventures)	3.4	305,098	-	122,148	-	565,043	46,479	1,038,768
		3,291,726	-	169,589	44,083	565,043	50,287	4,120,728
Non-interest earning other assets		-	-	-	-	-	31,216	31,216
Total assets		3,291,726	-	169,589	44,083	565,043	81,503	4,151,944
Liabilities								
Deposits from banks	0.8	13,235	-	-	-	-	-	13,235
Customer deposits	0.8	2,883,531	607,873	65,890	165,351	-	-	3,722,645
Repurchase agreements	1.1	-	15,204	-	-	-	-	15,204
Subordinated liabilities	1.3	-	12,613	-	-	-	-	12,613
		2,896,766	635,690	65,890	165,351	-	-	3,763,697
Non-interest bearing other liabilities		-	-	-	-	-	90,979	90,979
Equity shareholders' funds		-	-	-	-	-	297,268	297,268
Total liabilities		2,896,766	635,690	65,890	165,351	-	388,247	4,151,944
Total assets less total liabilities		**394,960**	**(635,690)**	**103,699**	**(121,268)**	**565,043**	**(306,744)**	-
Off balance sheet items affecting interest rate sensitivity		757,352	-	(45,956)	(711,396)	-	-	-
Interest rate sensitivity gap		**1,152,312**	**(635,690)**	**57,743**	**(832,664)**	**565,043**	**(306,744)**	
Cumulative interest rate sensitivity gap		**1,152,312**	**516,622**	**574,365**	**(258,299)**	**306,744**	-	

All derivative instruments held by the Group, the effect of which is to alter the interest bases of the portfolio of assets and liabilities, are reflected in the above table.
Short-term debtors and creditors are included in the above table as non-interest bearing items.

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

VaR

The Group's exposure to market risk is monitored using the VaR methodology of estimating potential losses.

VaR is a technique which estimates the potential losses that could occur on risk positions taken due to movements in market rates and prices over a specified time horizon and to a given level of confidence. VaR is calculated on an historical simulation basis, using one-day movements in market rates and prices, a 99% confidence level and taking into account the actual correlations observed historically between different markets and rates. The one-day movement in market prices is calculated by reference to market data from a 100 trading day history. VaR should be viewed in the context of the limitations of the methodology used.

These include:
- The use of a one-day holding period assumes that all positions can be liquidated or hedged in one day; this does not fully capture the market risk arising from times of illiquidity, when one-day liquidation or hedging may not be possible.
- The use of a 99% confidence measure does not take account of any losses that might occur beyond this level of confidence.
- The use of historical data as a proxy for estimating future events may not include all potential events, particularly those that are extreme in nature.
- Correlations in the future may change from those correlations observed in the past.
- VaR is calculated at the close of business with intra-day exposures not being subject to intra-day VaR calculations.

The key VaR positions for the Group are as follows:

		Foreign exchange $000	Interest rate $000	Effects of covariance $000	Total $000
At 31 December 2014		**196**	**18**	**-**	**214**
At 31 December 2013		36	-	-	36
Average daily					
	2014	**141**	**19**	**-**	**160**
	2013	34	(1)	-	33
Minimum					
	2014	**14**	**(1)**	**(1)**	**12**
	2013	6	8	(1)	13
Maximum					
	2014	**349**	**(4)**	**-**	**345**
	2013	(3)	75	-	72

The Group is therefore confident within a 99% confidence interval that, given the risks as at 31 December 2014, it will not incur a one day loss on its trading book of more than $214,000 (2013: $36,000) based on the VaR model used.

Daily VaR is independently checked against board approved VaR limits. Furthermore, the Group's exposure to interest rate risk is measured daily against limits by currency on a detailed maturity ladder in futures position equivalents. Risk is further controlled by an extensive program of stress and scenario testing, performed monthly, which calculates the profits and losses which would result from a variety of projected interest and exchange rate shifts. The VaR, futures equivalents and stress/scenario reports are presented to and discussed with the senior management of the Group at monthly Asset and Liability Committee meetings to ensure knowledge and understanding of the Group's positions, strategies and resultant risks remain current among all relevant staff.

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

Fair values measurement

The Group uses forward foreign exchange and swap contracts as part of its asset and liability management process to hedge underlying on-balance sheet positions. The use of derivatives is controlled through the Group's Risk department which is an independent area of the Group. The Risk department is responsible for ensuring that all interest and exchange rate risk is undertaken within the policy guidelines set by the Board and the Asset and Liability Committee.
For over-the-counter derivatives we calculate fair values on the basis of observable market prices for similar instruments or by applying present value or other valuation methods commonly used in the market, using data based on market conditions.
For Other fund investments, which are reported within Non Trading Investments, the fair values are derived from valuations provided by the respective Private Equity fund, which are reviewed by Management based on the performance of the underlying assets and developments in the wider debt and equity market. A liquidity discount of $6,304,000 (2013:$7,655,000) was held against the other fund investments.

The fair values of other non-trading book balances approximate to their carrying value in the balance sheet where a liquid and active market exists. and the resultant applicable margins approximate the current spreads that would apply for balances with similar maturities. Where the financial instrument pricing includes a fixed rate element, this risk is hedged and valued in accordance with the accounting policy on hedge accounting (note 1 (h) i).The fair value of financial liabilities is not materially different to their balance sheet value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation techniques:
Level 1: Quoted (Unadjusted) prices in active markets for identical assets and 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.

	2014 $000 Level 1	2014 $000 Level 2	2014 $000 Level 3	2014 $000 Total	2013 $000 Level 1	2013 $000 Level 2	2013 $000 Level 3	2013 $000 Total
Financial Assets								
Derivative Financial Instruments Assets								
Interest rate swaps - hedging	-	614	-	614	-	2,514	-	2,514
Interest rate swaps - trading	-	2,118	-	2,118	-	3,142	-	3,142
Currency swaps - hedging	-	18,802	-	18,802	-	-	-	-
Forward Exchange contracts - hedging	1,665	-	-	1,665	-	-	-	-
Forward Exchange contracts - trading	1,304	-	-	1,304	176	-	-	176
Options - trading		363	-	363	-	-	-	-
Total Financial Instruments Assets	2,969	21,897	-	24,866	176	5,656	-	5,832
Non Trading Investments								
Debt securities	1,048,311	-	-	1,048,311	992,289	-	-	992,289
Other fund investments	-	-	36,322	36,322	-	-	43,269	43,269
Non Trading Investments	1,048,311	-	36,322	1,084,633	992,289	-	43,269	1,035,558
Total	1,051,280	21,897	36,322	1,109,499	992,465	5,656	43,269	1,041,390
Financial Liabilities								
Derivative Financial Instruments Liabilities								
Interest rate swaps - hedging	-	15,428	-	15,428	-	17,458	-	17,458
Interest rate swaps - trading	-	2,114	-	2,114	-	3,887	-	3,887
Currency swaps - hedging	-	14,062	-	14,062	-	20,552	-	20,552
Forward Exchange contracts - trading	49	-	-	49	2,637	-	-	2,637
Total	49	31,604	-	31,653	2,637	41,897	-	44,534

During the year 2014 and 2013 there have been no transfers between Levels 1, 2 and 3.

The bank has collateral agreements in place for swap derivative contracts. As at 31 December 2014, the Bank had placed $5,070,344 with swap derivative counterparties (2013 : $14,644,960).

The movements for non-trading investments	Fair value 2014 $000	Fair value 2013 $000
At 1 January 2014	43,269	35,561
Currency translation differences	(4,010)	791
Additions	2,275	4,792
Repayments	(5,806)	(7,490)
Revaluation	594	9,615
At 31 December 2014	36,322	43,269

26 FINANCIAL INSTRUMENT RISK EXPOSURE AND MANAGEMENT (continued)

	Within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	Total $000
Contract or underlying principal amount, by maturity				
Foreign exchange contracts				
2014	**113,914**	**-**	**-**	**113,914**
2013	143,308	-	-	143,308
Interest rate contracts				
2014	**722,286**	**561,966**	**202,389**	**1,486,641**
2013	596,716	852,453	150,053	1,599,222

	2014 $000	2013 $000
Credit risk weighted amount		
Exchange rate contracts:		
- for trading purposes	**825**	1,284
- for hedging purposes	**5,324**	2,254
Interest rate contracts:		
- for trading purposes	**1,030**	293
- for hedging purposes	**1,015**	2,373

Gain and losses on financial instruments

Trading income is analysed as follows:

	2014 $000	2013 $000
Treasury	**294**	59
Foreign exchange	**1,939**	607
	2,233	666

Treasury profits derive from OTC FX options and swaps.
Foreign exchange profits derive from spot and forward foreign exchange contracts.

27 HEDGE ACCOUNTING

1) Fair Value Hedges
Interest rate risk

At 31 December 2014, the Bank had interest rate swap contracts in place with a fair value of USD14,813,741 (2013: $14,944,164) whereby the Bank pays a fixed rate of interest and receives a variable rate of return. The swaps are being used to hedge the exposure to changes in the fair value of its fixed rate bonds and loans.

A fair value loss of $14,813,741 has been recognised for the interest rate swaps, with an offsetting gain of $14,402,886 recognised against the associated bond and loan portfolio, which resulted in a loss of $410,808 being recognised as ineffective within the statement of income.

2) Cashflow hedges
Foreign currency risk

2i) Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of 2015 forecast GBP and EUR P&L. These forecast P&L events are highly probable, and they comprise of 80% of GBP 2015 forecast P&L and 70% of EUR 2015 forecast P&L.

While the Bank also enters into other foreign exchange forward contracts with the intention of reducing the foreign exchange risk of expected profit and loss, these other contracts are not designated in hedge relationships and are measured at fair value through profit and loss.

	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
Foreign currency forward contracts designated as hedging instruments				
Fair value	**1,665,150**	**-**	-	-

The terms of the foreign currency forward contracts match the terms of the expected highly probable forecast transactions. As a result, a net unrealised gain of $1,665,150 is included in OCI and no hedge ineffectiveness arises requiring recognition through the statement of income.

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for 2014 is NIL. The amounts retained in OCI at 31 December 2014 will affect the statement of income in 2015.

2ii) Interest rate currency swap contracts measured at fair value through OCI are designated as hedging instruments to manage the currency and interest rate risks for a portion of the banks GBP and EUR denominated mortgage loans in relation to the USD functional currency.

	2014		2013	
	Assets	**Liabilities**	Assets	Liabilities
Interest rate currency swap contracts *designated as hedging instruments*				
Fair value	**18,802,367**	**14,061,914**	-	20,552,361

The cash flow hedges were assessed to be highly effective and a net unrealised gain of $4,287,403 is included in OCI. The terms of the derivative contracts greatly match the terms of the underlying hedged items and a hedge ineffectiveness gain of $453,050 requiring recognition through the statement of income.

The amount removed from OCI during the year and included in the carrying amount of the hedging items as a basis adjustment for 2014 is zero. The amounts retained in OCI at 31 December 2014 will affect the statement of income in 2015 and 2016.

28 ULTIMATE HOLDING COMPANY

The ultimate holding company of the Bank is Ahli United Bank B.S.C., which is incorporated in Bahrain. Copies of the group accounts are available from Ahli United Bank B.S.C. at PO Box 2424, Manama, Kingdom of Bahrain.

29 MANAGED FUNDS

Funds managed or administered on behalf of customers and to which the Group does not have legal title are not included in the Group's balance sheet. The value of all such funds managed by the Group at 31 December 2014 was $2,061,000,000 (2013: $1,851,000,000).

30 RETIREMENT BENEFIT OBLIGATIONS

Defined Benefits Pension Scheme

Within the UK, the Bank operates a funded defined benefit scheme ("the Fund") for its employees who joined prior to 1 March 2001. The Fund was a final salary scheme which became closed to future accrual with effect from 31 March 2010. The majority of UK employees are now members of a defined contribution pension scheme.

The Fund is registered with HMRC for tax purposes, and is operated separately from the Bank and managed by a set of trustees. The trustees are responsible for the payment of benefits and the management of the scheme's assets which are held in a separate Trustee administered fund.

The Fund is subject to UK regulations, which require the Bank and the trustees to agree a funding strategy and contributions schedule. Contributions to the defined contribution pension scheme are payable in addition and are charged directly to profit and loss.

The funding target is for the Fund to hold assets equal in value to the accrued benefits. If there is a shortfall against this target, then the Bank and Trustees will agree on deficit contributions to meet this deficit over a period. There is a risk to the Bank that adverse experience could lead to a requirement for the Bank to make additional contributions to recover any deficit that arises.

Contributions are set based upon funding valuations carried out every three years; the next valuation is due to be carried out as at 1 July 2015. The estimated amount of total employer contributions expected to be paid to the Fund during 2015 is $6.2m (2014 actual: $6.1m).

The results of the formal actuarial valuation as at 1 July 2012 were updated to the accounting date by an independent qualified actuary in accordance with IAS 19.

The weighted average duration of the expected benefit payments from the Fund is around 20 years.

The amount included in the statement of financial position arising from the Bank's obligations in respect of the Fund is as follows:

	2014	2013
	$000	$000
Present value of defined benefit obligation	**215,646**	193,184
Fair value of Fund assets	**(191,497)**	(184,601)
Net liability recognised in the Balance Sheet	**24,149**	8,583

The net liability recognised in the balance sheet has not been limited as the Bank believes that a refund of any surplus assets would be available to it following the final payment to the last beneficiary of the Fund.

The amounts recognised in profit and loss (note 5) are as follows:

	2014	2013
	$000	$000
Running costs	**-**	410
Net interest on net defined benefit liability / (asset)	**247**	870
Total expense included in profit and loss	**247**	1,280

The amounts recognised immediately in other comprehensive income are as follows:

	2014	2013
	$000	$000
Net actuarial losses / (gains) in the year due to		
- Changes in financial assumptions	**30,701**	4,992
- Changes in demographic assumptions	**1,954**	-
- Experience on benefit obligations	**(1,109)**	869
Actual return less interest on Fund assets	**(9,026)**	(14,105)
Amount to recognise outside profit and loss in other comprehensive income	**22,520**	(8,244)

The losses / (gains) booked in OCI are net of tax (at the respective tax rate for that reporting period). 2014 : $18,016,000 (2013 : $-6,595,000).

Changes in the net liabilities recognised in the balance sheet are as follows:

	2014	2013
	$000	$000
Balance sheet liability at period start	**8,583**	22,025
Exchange rate and other adjustments	**(954)**	(359)
	7,629	21,666
Amount recognised in profit and loss	**247**	1,280
Amount recognised in other comprehensive income	**22,520**	(8,244)
Contributions paid	**(6,247)**	(6,119)
Balance sheet liability at period end	**24,149**	8,583

The movement in the present value of the defined benefit obligation is as follows:

	2014	2013
	$000	$000
Opening defined benefit obligation	**193,184**	178,830
Exchange rate and other adjustments	**(11,802)**	3,950
	181,382	182,780
Interest on obligation	**8,684**	8,078
Actuarial (gains) / losses due to:		
Changes in financial assumptions	**30,701**	4,992
Changes in demographic assumptions	**1,954**	-
Experience adjustments on obligation	**(1,109)**	869
Benefits paid	**(5,966)**	(3,535)
Closing defined benefit obligation	**215,646**	193,184

The movement in the fair value of the Fund assets is as follows:

	2014	2013
	$000	$000
Opening fair value of the Fund assets	**184,601**	156,805
Exchange rate and other adjustments	**(10,848)**	4,312
	173,753	161,117
Interest on Fund assets	**8,437**	7,205
Actual return less interest on Fund assets	**9,026**	14,105
Running costs	**-**	(410)
Contributions by the employer	**6,247**	6,119
Benefits paid	**(5,966)**	(3,535)
Closing fair value of Fund assets	**191,497**	184,601

30 RETIREMENT BENEFIT OBLIGATIONS (continued)

The major categories of Fund assets at the balance sheet date are as follows:

	2014 $000	2013 $000
Equities	**129,110**	128,996
Corporate bonds	**30,159**	25,811
Gilts	**29,001**	25,721
Property	**1,961**	2,217
Other	**1,266**	1,856
	191,497	184,601

The Fund assets are held exclusively within instruments with quoted market prices in an active market with the exception of the holdings in property. The Fund does not invest directly in property occupied by the Bank or in financial securities issued by the Bank.

The investment strategy is set by the Trustees of the Fund. The Trustees regularly review the investment strategy with the aim of meeting benefit payments as they fall due and maintain the funding position at an appropriate level subject to an appropriate level of risk. These broad principles have led to the investment strategy below. There is no exact matching of assets and liabilities in the form of insurance policies or derivatives.

Long term asset allocation

	%
Equities	70
Government Bonds	15
Corporate Bonds	15
	100

The following table sets out the significant IAS 19 assumptions used for the Fund:

	2014	2013
Price inflation (RPI)	3.0% pa	3.3% pa
Price inflation (CPI)	2.0% pa	2.3% pa
Discount rate	3.8% pa	4.7% pa
Pension increases in payment	2.9%/5% pa	3.2%/5% pa
Life expectancy of male aged 60 at balance sheet date	28.4 years	28.3 years
Life expectancy of male aged 60 in 20 years' time	29.8 years	29.8 years

Sensitivity analysis of significant assumptions at 31 December 2014

	$000
Effect on defined benefit obligation of a 0.1% decrease in discount rate	4,202
Effect on defined benefit obligation of a 0.1% increase in inflation (RPI, LPI	1,401
Effect on defined benefit obligation of a CPI deduction of 0.9% below RPI	934
Effect on defined benefit obligation of members living 1 year longer	6,069

These sensitivities have been calculated to show the movement in the defined benefit obligation in isolation, and assuming no other changes in market conditions at the accounting date. This is unlikely in practise - for example, a change in discount rate is unlikely to occur without any movement in the value of the assets held by the Fund.

Financial assumptions

1. Summary

The assumptions at 31 December 2014 have been derived consistently with those adopted at 31 December 2013. The changes in financial assumptions therefore reflect only changes in underlying financial conditions.

2. Commentary

The following describes the key financial assumptions used to measure the IAS 19 measure of the defined benefit obligation.

2.1. Discount rate

The discount rate has been derived as follows:

- Data on bonds is sourced from Merrill Lynch. Bonds are included in the data set if they are classified as "AA" and "Corporate" according to Merrill Lynch's
- Reasonableness checks are carried out on the data, in particular to ensure that we use bonds only where the prices supplied and yields are consistent.
- A yield curve is fitted to the data using least squares optimisation techniques based on an approach adopted for similar purposes by the US Treasury.
- Due to the absence of corporate bond data beyond 30 years, the yield curve is extrapolated by assuming flat forward rates.
- The discount rate is calculated as the weighted average of the yields on the resulting curve, where the weighting is based on model pension scheme cash flows of duration consistent with the duration of the Fund.

2.2. Inflation

The inflation assumption is derived from figures published by the Bank of England and reflects the difference between the yields on index-linked and fixed interest gilts based on the term of the pension liabilities. We have taken a weighted average based on the expected cash flows from the Fund.

In deriving the rate from the gilt yields, we have had regard to an "inflation risk premium" which we have assumed to be inherent in fixed interest gilt yields and to be currently equal to 0.3% pa, resulting in an RPI inflation assumption of 3.0% pa.

In the long term, inflation measured by the Consumer Prices Index is expected to be lower than inflation measured by the Retail Prices Index because of differences in how the indices are calculated. Consistent with last year, we have calculated this assumption by taking the assumption for Retail Prices Index inflation and deducting 1.0% pa.

2.3. Pension increases

The pension increases granted by the Fund are, in respect of some pension payments, in line with the Retail Price Index subject to a maximum increase of 5% and a minimum increase of 0%.

In setting the pension increase assumption we have adjusted the inflation assumption to allow for the maximum and minimum increases, using our financial models of RPI inflation using the current price inflation outlook and our view of potential year to year volatility in price inflation.

31 RELATED PARTY TRANSACTIONS

The Bank enters into transactions with the parent undertaking, fellow subsidiaries, fellow associates, direct subsidiaries, Directors, senior management and companies which are controlled, jointly controlled or significant 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 free of any provision for loan losses.
There are no provisions or impairment on the following related party balances as at 31st December 2014.

2014	Notes	Parent undertaking	Fellow Subsidiaries and Associates	Direct Subsidiaries and Joint Ventures	Directors and senior management	Other related
		$000	$000	$000	$000	$000
Interest income	3	1,240	4	-	185	-
Interest expense (a)	3	(12)	0	-	(7)	(6,633)
Fees income	6	-	746	225	-	-
Loans and advances to banks	8	51,616	1,063	-	789	-
Reverse repurchase agreements	9	227,452	-	-	-	-
Loans and advances to customers	10	-	-	860	6,112	-
Other assets	17	7	-	229	-	-
Deposits from banks	18	(5,250)	(10,144)	0	-	-
Customer deposits (a)	19	-	(2)	(6,719)	(11,917)	(1,229,024)
Other liabilities	20	(2,030)	(3,326)	-	-	-
Subordinated liabilities (a)	21	-	-	-	-	(10,725)

(a) The following transactions were related to a major shareholder of the parent undertaking.	$000
Interest expense	(6,633)
Customers deposits	(1,215,160)
Subordinated liabilities	(10,725)

(b)The following were classified as principal fellow and direct subsidiaries and associates respectively.
Fellow subsidiaries
Ahli United Bank K.S.C
Ahli United Bank (Egypt) S.A.E.
Tidelink Investments Limited
During the year a portfolio of loans with a value of $82.0m was sold to Tidelink Investments Linited for a consideration of $82.0m.

Fellow Associates
Ahli Bank S.A.O.G

The following were classified as the principal subsidiaries and joint ventures.
Subsidiaries
IIBU II Fund PLC
AUB Finance BV
The UBK European Property Company Limited
AUB Trustees (Guernsey) Limited
AUB Investment Holdings
AUB CLOF (Jersey) No 1 Company Limited
AUB Secretaries Limited

Joint ventures
Rosefarm Estates PLC
Swinbury Limited

2013	Notes	Parent undertaking	Fellow Subsidiaries and Associates	Direct Subsidiaries and Joint Ventures	Directors and senior management	Other related
		$000	$000	$000	$000	$000
Interest income	3	433	-	26	56	92
Interest expense	3	(643)	(343)	-	-	(13,040)
Loans and advances to banks	8	1,657	43,513	-	-	-
Reverse repurchase agreements	9	15,000	-	-	-	-
Loans and advances to customers	10	-	-	1,141	4,032	3,883
Deposits from banks	18	(47)	(4,329)	(119)	-	-
Repurchase agreements	9	(15,204)	-	-	-	-
Customer deposits	19	-	(2,694)	(7,844)	(1,414)	(1,596,390)
Other liabilities	20	-	-	(1,160)	-	-
Subordinated liabilities	21	-	-	-	-	(11,059)

(a) The following transactions were related to a major shareholder of the parent undertaking.	$000
Interest & fee expense	(13,031)
Customers deposits	(1,577,650)
Subordinated liabilities	(11,059)

32 Key management and personnel remuneration

	2014	2013
	$000	$000
Short term employee benefits	1,378	1,307
Post employment benefits	193	97
	1,571	1,404

Details of Directors' remuneration are set out in note 5.

APPENDIX

ADDITIONAL PILLAR III DISCLOSURES - Unaudited

The major risks associated with the Bank's and Group's businesses, together with key risk management objectives and policies, are detailed in note 26 to the Financial Statements.

There are no restrictions to the movement of capital between the legal entities within the statutory accounting group.

Capital resources

The called up share capital of the Bank is fully paid. Principal terms of the dated subordinated debt are detailed in note 21 to the Financial Statements.

	2014 $000	2013 $000
Core tier 1 capital:		
Called up share capital	**200,080**	200,080
Share premium account	**128**	128
Profit and loss account (verified)	**62,703**	67,839
	262,911	268,047
Upper tier 2 capital		
Collective provision (restricted)	**10,370**	12,850
	10,370	12,850
Lower tier 2 capital		
Dated subordinated debt (amortised)	**11,328**	11,991
	11,328	11,991
Deductions from total capital	**(1,132)**	(1,422)
	(1,132)	(1,422)
Net available capital	**283,477**	291,466

Capital requirements

The Bank monitors the adequacy of its capital to support current activities at least monthly against limits which are the equivalent to an additional 4% over the capital requirement imposed on the Bank by the PRA. When the actual ratio is close to this limit the capital requirement is calculated on a daily basis. Additionally detailed capital adequacy calculations are carried out as part of the budget process with frequently updated forecasts being produced throughout the year. Detailed analysis is carried out in order to assess the impact on capital resource requirements of all new products.

	2014 $000	2013 $000
Credit risk capital requirement (Standardised approach):		
Central governments or central banks	**2,150**	2,205
Multilateral development banks	**-**	-
Institutions	**16,045**	6,019
Corporates	**10,734**	16,222
Secured on real estate property	**32,728**	33,174
Secured on commercial real estate property	**17,636**	28,542
Past due items	**1,006**	2,729
Items belonging to regulatory high risk categories	**4,260**	5,431
Short term claims on institutions and corporates	**14,758**	24,693
Other items	**1,895**	2,086
	101,212	121,101
Market risk capital requirement (Standardised approach)		
Interest rate PRR	**558**	256
Foreign currency PRR	**2,610**	948
Counterparty risk capital component	**574**	306
	3,742	1,510
Operational risk capital requirement (Basic indicator approach)	**11,248**	10,511
	11,248	10,511
Total capital requirement	**116,202**	133,122

The Bank calculates its credit risk weighted exposure amounts in accordance with the standardised approach. The Bank uses external credit assessments provided by Moody's to determine the risk weight of rated counterparties in certain standardised credit risk exposure classes. The external rating is mapped to the prescribed quality assessment scale that in turn produces standard risk weightings. The standardised credit risk exposure classes for which such external ratings are used are Central governments or central banks, Institutions, Corporates, and Short term claims on institutions and corporates.

APPENDIX

ADDITIONAL PILLAR III DISCLOSURES (continued) - Unaudited

Exposure values, both before and after credit risk mitigation (CRM), for each credit quality step prescribed by the PRA are as follows:

2014	Credit Quality Step	Risk Weight %	Exposure $000	Exposure (after CRM) $000
Central governments or central banks				
	1	-	558,540	558,540
	3	50	30,876	30,876
	Unrated	100	11,440	11,440
			600,856	600,856
Multilateral development banks				
	1	-	156,054	156,054
			156,054	156,054
Institutions				
	1	20	9,941	9,941
	2	20	47,397	47,397
	2	50	68,976	68,976
	3	50	309,213	309,213
			435,527	435,527
Corporates				
	1	20	29,235	29,235
	3	100	91,853	91,853
	Unrated	100	54,166	36,469
			175,254	157,557
Short term claims on institutions and corporates				
Institutions	1	20	292,742	292,742
	2	20	540,859	540,859
	3	20	50,582	50,582
	Unrated	20	1,464	1,464
Corporates	Unrated	100	7,343	7,343
			892,990	892,990

2013	Credit Quality Step	Risk Weight %	Exposure $000	Exposure (after CRM) $000
Central governments or central banks				
	1	-	448,234	448,234
	3	50	30,876	30,876
	Unrated	100	12,119	12,119
			491,229	491,229
Multilateral development banks				
	1	-	182,078	182,078
			182,078	182,078
Institutions				
	1	20	40,868	40,868
	2	50	127,752	127,752
	3	50	6,376	6,376
			174,996	174,996
Corporates				
	1	20	30,781	30,781
	2	50	10,076	10,076
	3	100	134,028	134,028
	4	100	9,966	9,966
	Unrated	100	66,646	47,590
			251,497	232,441
Short term claims on institutions and corporates				
Institutions	1	20	680,287	680,287
	2	20	765,754	765,754
	3	20	16,915	16,915
	Unrated	20	20,261	20,261
Corporates	Unrated	100	12,019	12,014
			1,495,236	1,495,231

APPENDIX

ADDITIONAL PILLAR III DISCLOSURES (continued) - Unaudited

Counterparty credit risk

The gross positive fair value of derivative contracts is detailed in note 26 to the Financial Statements. No advantage is taken of netting agreements or collateral agreements. The Group has not entered into any contracts whereby it would be required to provide additional collateral given a downgrade in its credit rating.

The measures for exposures values of derivative financial instruments under the Counterparty Credit Risk mark-to-market method are as follows:

	2014 $000	2013 $000
Exchange rate contracts:		
- for trading purposes	**4,122**	1,537
- for hedging purposes	**26,620**	15,898
Interest rate contracts:		
- for trading purposes	**2,939**	1,467
- for hedging purposes	**5,074**	9,511
Equity based contracts:		
- for hedging purposes	-	-

The amounts after credit risk weighting are included in note 25 to the Financial Statements.

Credit risk

Details regarding the Bank's methodology in assigning credit limits and securing collateral are detailed in note 26 to the Financial Statements.
The bank rarely makes use of on- and off-balance sheet netting and, where this is utilised, detailed analysis is carried out in order to ensure that the relevant PRA. criteria have been met.
Total exposures (before credit risk mitigation) by exposure class and by maturity together with average amounts for the year are as follows:

2014	Within 3 months $000	After 3 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	TOTAL $000	AVERAGE $000
Loans and advances to banks	887,713	-	-	-	887,713	1,171,756
Reverse Repurchase agreements	227,452	-	-	-	227,452	223,057
Derivative financial instruments	1,126	18,231	4,002	1,507	24,866	12,917
Loans and advances to customers	80,334	126,308	687,762	520,328	1,414,732	1,563,653
Investment securities						
Available-for-sale	164,636	365,997	293,462	260,538	1,084,633	983,982
Investments in joint ventures	-	-	-	1,794	1,794	1,794
Contingent liabilities	75	12,151	-	140	12,366	11,544
Commitments	7,195	48,189	51,435	10,644	117,463	138,747
	1,368,531	570,876	1,036,661	794,951	3,771,019	4,107,450

2013	Within 3 months $000	After 3 months but within 1 year $000	After 1 year but within 5 years $000	After 5 years $000	TOTAL $000	AVERAGE $000
Loans and advances to banks	1,464,222	-	-	-	1,464,222	1,190,943
Reverse Repurchase agreements	15,000	-	-	-	15,000	128,472
Derivative financial instruments	176	-	2,902	2,754	5,832	35,634
Loans and advances to customers	101,625	182,055	777,226	536,417	1,597,323	1,584,356
Investment securities						
Available-for-sale	140,302-	286,862	539,423	68,971	1,035,558	728,477
Investments in joint ventures	-	3,210	-	-	3,210	3,210
Contingent liabilities	75	12,950	-	478	13,503	11,601
Commitments	7,003	99,262	70,282	15,434	191,981	149,109
	1,728,403	584,339	1,389,833	624,054	4,326,629	3,831,802

The above exposures are analysed by geography and industry in note 26 to the Financial Statements.

The total exposure value covered by eligible financial collateral, by exposure class is:

	2014 $000	2013 $000
Loans and advances to customers	**17,547**	18,910
Contingent liabilities	**150**	150
	17,697	19,060

The eligible financial collateral is principally cash.

APPENDIX

ADDITIONAL PILLAR III DISCLOSURES (continued) - Unaudited

Details of impaired exposure together with related provisions and past due (but not impaired) exposures analysed by geography are:

2014	GROSS IMPAIRED $000	SPECIFIC PROVISIONS $000	NET IMPAIRED $000	PROVISION CHARGE/ (CREDIT) $000	PAST DUE $000
Europe (excluding United Kingdom)	-	-	-	-	10,106
United Kingdom	1,900	(570)	1,330	6,508	1,412
United States of America	-	-	-	-	-
Other	-	-	-	-	3,700
	1,900	(570)	1,330	6,508	15,218

2013	GROSS IMPAIRED $000	SPECIFIC PROVISIONS $000	NET IMPAIRED $000	PROVISION CHARGE/ (CREDIT) $000	PAST DUE $000
Europe (excluding United Kingdom)	-	-	-	713	7,505
United Kingdom	28,021	(17,217)	10,804	(4,467)	93
United States of America	52	-	52	-	-
Other	-	-	-	-	112
	28,073	(17,217)	10,856	(3,754)	7,710

Details of impaired exposure together with related provisions and past due (but not impaired) exposures analysed by industry are:

2014	GROSS IMPAIRED $000	SPECIFIC PROVISIONS $000	NET IMPAIRED $000	PROVISION CHARGE / (CREDIT) $000	PAST DUE $000
Manufacturing	-	-	-	-	-
Personal	-	-	-	-	-
Real Estate	1,900	(570)	1,330	6,508	15,218
Other	-	-	-	-	-
	1,900	(570)	1,330	6,508	15,218

2013	GROSS IMPAIRED $000	SPECIFIC PROVISIONS $000	NET IMPAIRED $000	PROVISION CHARGE / (CREDIT) $000	PAST DUE $000
Manufacturing	-	-	-	-	-
Personal	-	-	-	-	-
Real Estate	27,442	(17,134)	10,308	(4,469)	7,710
Other	631	(83)	548	715	-
	28,073	(17,217)	10,856	(3,754)	7,710

Only those loans which have been past due for more than 90 days are treated as past due for the purposes of calculating the Bank's minimum capital requirements and in the tables above. Identification and treatment of impaired loans together with the methods adopted for determining provisions, are detailed in note 1 to the Financial Statements

Operational Risk

The Bank has adopted the Basic Indicator approach for operational risk. Under this approach, the regulatory capital requirement for operational risk is calculated by applying a co-efficient of 15 per cent to the average gross income for the preceding three financial years.

Exposure to interest rate risk in the non-trading book

Details of the nature of this risk and of its measurement by the Bank are included in note 26 to the Financial Statements.

Remuneration

The Bank's remuneration policy is incorporated into its HR policy which is reviewed by the Board of Directors and the Group Compensation Committee on an annual basis.

The total variable amount available is determined firstly by assessing the Bank's profitability compared to budget. The employee's variable remuneration is based on the results of the annual performance appraisal process. The process assesses the financial and non financial attributes of the employees awarding grades which result in a formula driven bonus. The resulting awards are then subject to a moderation review by senior management before being presented to the Compensation Committee for further revision and approval.

The table below shows the fixed and variable remuneration for code staff based on payments paid during 2014.

	Fixed $000	Variable $000	Total $000	Number of Code Staff
Corporate Banking	2,199	509	2,708	15
Private banking & Wealth Management	1,992	409	2,401	14
Total Senior management	4,191	918	5,109	29