



**REVIEW REPORT**

To the Shareholders of Arab National Bank  
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim consolidated balance sheet of Arab National Bank (the "Bank") and its subsidiary as of 30 June 2008, and the related consolidated statement of income for the three-month and six-month periods ended 30 June 2008 and the consolidated statements of changes in shareholders' equity and cash flows and the notes from 1 to 11 for the six-month period then ended. We have not reviewed note 12, nor the information related to "Basel II disclosures" cross-referenced therein, which is not required to be within the scope of our review.

**Management's Responsibility for the Consolidated Financial Statements**

These interim condensed consolidated financial statements are the responsibility of the Bank's management and have been prepared by them in accordance with applicable Accounting Standards for Financial Institutions and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency ("SAMA") and with International Accounting Standard No. 34 "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required.

**Scope of Review**

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

We conducted our review in accordance with generally accepted standards in Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

**Conclusion**

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with applicable Accounting Standards for Financial Institutions issued by SAMA and with International Accounting Standard No. 34.

**Other Regulatory Matters**

As required by SAMA, certain capital adequacy information has been disclosed in Note 10 of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in Note 10 to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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ARAB NATIONAL BANK – Saudi Joint Stock Company  
CONSOLIDATED BALANCE SHEET

| As at   | Note | June 30, 2008<br>(Unaudited)<br>SAR'000 | December 31, 2007<br>(Audited)<br>SAR'000 | June 30, 2007<br>(Unaudited)<br>SAR'000 |
|---|------|---|---|---|
| <b>ASSETS</b>                                     |      |   |   |   |
| Cash and balances with SAMA                       |      | 11,863,054                              | 8,228,376                                 | 5,081,759                               |
| Due from banks and other financial institutions   |      | 3,319,454                               | 1,293,967                                 | 3,129,346                               |
| Investments, net                                  | 4    | 22,291,861                              | 21,024,805                                | 19,107,992                              |
| Loans and advances, net                           |      | 69,882,715                              | 61,121,911                                | 52,826,791                              |
| Investment in associate                           |      | 200,000                                 | 200,000                                   | -                                       |
| Other real estate                                 |      | 104,590                                 | 155,855                                   | 155,855                                 |
| Property and equipment, net                       |      | 869,003                                 | 773,664                                   | 691,179                                 |
| Other assets                                      |      | 1,799,219                               | 1,668,983                                 | 1,518,342                               |
| <b>Total assets</b>                               |      | <b>110,329,896</b>                      | <b>94,467,561</b>                         | <b>82,511,264</b>                       |
| <b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>       |      |   |   |   |
| <b>Liabilities</b>                                |      |   |   |   |
| Due to banks and other financial institutions     |      | 8,893,088                               | 4,447,174                                 | 3,705,455                               |
| Customers' deposits                               |      | 84,914,695                              | 73,692,139                                | 64,235,181                              |
| Other liabilities                                 |      | 2,898,655                               | 2,616,151                                 | 2,135,004                               |
| Term loan   |      | -                                       | 1,312,500                                 | 1,312,500                               |
| Debt securities in issue                          |      | 1,875,000                               | 1,875,000                                 | 1,875,000                               |
| <b>Total liabilities</b>                          |      | <b>98,581,438</b>                       | <b>83,942,964</b>                         | <b>73,263,140</b>                       |
| <b>Shareholders' equity</b>                       |      |   |   |   |
| Share capital                                     | 9    | 6,500,000                               | 4,550,000                                 | 4,550,000                               |
| Statutory reserve                                 |      | 3,766,000                               | 3,766,000                                 | 3,150,000                               |
| General reserve                                   |      | -                                       | 1,950,000                                 | -                                       |
| Other reserves                                    |      | (28,868)                                | 171,618                                   | (79,935)                                |
| Retained earnings                                 |      | 1,511,326                               | 86,979                                    | 1,628,059                               |
| <b>Total shareholders' equity</b>                 |      | <b>11,748,458</b>                       | <b>10,524,597</b>                         | <b>9,248,124</b>                        |
| <b>Total liabilities and shareholders' equity</b> |      | <b>110,329,896</b>                      | <b>94,467,561</b>                         | <b>82,511,264</b>                       |

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
CONSOLIDATED STATEMENT OF INCOME  
(Unaudited)

|  | <u>For the three months ended</u> |                          | <u>For the six months ended</u> |                          |      |
|--|-----------------------------------|--------------------------|---------------------------------|--------------------------|------|
|  | <u>June 30,<br/>2008</u>          | <u>June 30,<br/>2007</u> | <u>June 30,<br/>2008</u>        | <u>June 30,<br/>2007</u> |      |
| <i>Note</i>  | <i>SAR'000</i>                    | <i>SAR'000</i>           | <i>SAR'000</i>                  | <i>SAR'000</i>           |      |
| Special commission income                                    | 1,298,188                         | 1,321,092                | 2,713,826                       | 2,618,276                |      |
| Special commission expense                                   | 443,142                           | 593,931                  | 983,618                         | 1,202,141                |      |
| Net special commission income                                | 855,046                           | 727,161                  | 1,730,208                       | 1,416,135                |      |
| Fees from banking services, net                              | 196,491                           | 212,499                  | 400,452                         | 427,677                  |      |
| Exchange income, net   | 66,033                            | 46,645                   | 119,853                         | 86,229                   |      |
| (Loss) Income from FVIS financial instruments, net           | (9,776)                           | 39,868                   | (12,751)                        | 64,032                   |      |
| Trading income, net  | 871                               | 1,356                    | 1,595                           | 1,256                    |      |
| (Loss) Gains and impairment of non -trading investments, net | 51,070                            | 67,109                   | (102,922)                       | 88,529                   |      |
| Other operating income                                       | 19,401                            | 13,472                   | 88,310                          | 18,886                   |      |
| Total operating income                                       | 1,179,136                         | 1,108,110                | 2,224,745                       | 2,102,744                |      |
| Salaries and employee related expenses                       | 227,289                           | 203,796                  | 445,511                         | 403,409                  |      |
| Rent and premises related expenses                           | 31,801                            | 24,836                   | 59,430                          | 47,284                   |      |
| Depreciation and amortization                                | 38,177                            | 28,559                   | 73,259                          | 54,263                   |      |
| Other general and administrative expenses                    | 106,582                           | 94,886                   | 184,076                         | 180,340                  |      |
| Provision for credit losses, net                             | 23,125                            | 31,154                   | 38,122                          | 49,686                   |      |
| Total operating expenses                                     | 426,974                           | 383,231                  | 800,398                         | 734,982                  |      |
| Net income for the period                                    | 752,162                           | 724,879                  | 1,424,347                       | 1,367,762                |      |
| Basic and fully diluted earnings (in SAR per share)          | 9                                 | 1.16                     | 1.12                            | 2.19                     | 2.10 |

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY  
For the six months ended June 30, 2008 and 2007  
(Unaudited)

|   | Note | Share<br>capital<br>SAR' 000 | Statutory<br>reserve<br>SAR' 000 | General<br>reserve<br>SAR' 000 | Other<br>reserves<br>SAR' 000 | Retained<br>earnings<br>SAR' 000 | Total<br>SAR' 000 |
|---|------|------------------------------|----------------------------------|--------------------------------|-------------------------------|----------------------------------|-------------------|
| <u>2008</u>   |      |                              |                                  |                                |                               |                                  |                   |
| Balance at beginning of the period                              |      | 4,550,000                    | 3,766,000                        | 1,950,000                      | 171,618                       | 86,979                           | 10,524,597        |
| Net changes in fair values of cash<br>flow hedges               |      |                              |                                  |                                | (9,406)                       | -                                | (9,406)           |
| Net changes in fair values of<br>available for sale investments |      |                              |                                  |                                | (88,349)                      | -                                | (88,349)          |
| Transfers to consolidated<br>statement of income                |      |                              |                                  |                                | (102,731)                     | -                                | (102,731)         |
| Net expenses recognized directly in<br>equity                   |      |                              |                                  |                                | (200,486)                     | -                                | (200,486)         |
| Net income for the period                                       |      |                              |                                  |                                | -                             | 1,424,347                        | 1,424,347         |
| Total recognized income<br>(expenses) for the period            |      |                              |                                  |                                | (200,486)                     | 1,424,347                        | 1,223,861         |
| Bonus share issue   | 9    | 1,950,000                    | -                                | (1,950,000)                    | -                             | -                                | -                 |
| Balance at end of the period                                    |      | 6,500,000                    | 3,766,000                        | -                              | (28,868)                      | 1,511,326                        | 11,748,458        |
| <u>2007</u>   |      |                              |                                  |                                |                               |                                  |                   |
| Balance at beginning of the period                              |      | 3,250,000                    | 3,150,000                        | 1,300,000                      | 19,841                        | 260,297                          | 7,980,138         |
| Net changes in fair values of cash<br>flow hedges               |      |                              |                                  |                                | (9,055)                       | -                                | (9,055)           |
| Net changes in fair values of<br>available for sale investments |      |                              |                                  |                                | (2,192)                       | -                                | (2,192)           |
| Transfers to statement of income                                |      |                              |                                  |                                | (88,529)                      | -                                | (88,529)          |
| Net expenses recognized directly in<br>equity                   |      |                              |                                  |                                | (99,776)                      | -                                | (99,776)          |
| Net income for the period                                       |      |                              |                                  |                                | -                             | 1,367,762                        | 1,367,762         |
| Total recognized income<br>(expenses) for the period            |      |                              |                                  |                                | (99,776)                      | 1,367,762                        | 1,267,986         |
| Bonus share issue   | 9    | 1,300,000                    | -                                | (1,300,000)                    | -                             | -                                | -                 |
| Balance at end of the period                                    |      | 4,550,000                    | 3,150,000                        | -                              | (79,935)                      | 1,628,059                        | 9,248,124         |

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
CONSOLIDATED STATEMENT OF CASH FLOWS

For the six months ended  
(Unaudited)

|  | June 30, 2008<br>SAR'000  | June 30, 2007<br>SAR'000 |
|--|---------------------------|--------------------------|
| <b><u>OPERATING ACTIVITIES</u></b>   | <u>Note</u>               |                          |
| Net income for the period  | 1,424,347                 | 1,367,762                |
| Adjustments to reconcile net income to net cash from operating activities:                         |                           |                          |
| Accretion of discounts on non-trading investments, net   | (87,076)                  | (6,739)                  |
| Losses (gains) on non-trading investments, net   | 102,922                   | (88,529)                 |
| Depreciation and amortization  | 73,259                    | 54,263                   |
| Gains on disposal of property and equipment, net   | (58,013)                  | (316)                    |
| Provision for credit losses, net   | 38,122                    | 49,686                   |
|  | <u>1,493,561</u>          | <u>1,376,127</u>         |
| Net (increase) decrease in operating assets:   |                           |                          |
| Statutory deposit with SAMA  | (2,287,918)               | (309,556)                |
| Due from banks and other financial institutions maturing after ninety days of the acquisition date | 5,912                     | (526,013)                |
| Loans and advances   | (8,816,522)               | (3,150,048)              |
| Other real estate  | 51,265                    | (728)                    |
| Other assets   | 35,713                    | (106,167)                |
| Net increase (decrease) in operating liabilities:  |                           |                          |
| Due to banks and other financial institutions  | 4,445,914                 | 606,852                  |
| Customers' deposits  | 11,223,227                | 2,461,991                |
| Other liabilities  | 211,834                   | 67,306                   |
| Net cash from operating activities   | <u>6,362,986</u>          | <u>419,764</u>           |
| <b><u>INVESTING ACTIVITIES</u></b>   |                           |                          |
| Proceeds from sales of and matured non-trading investments   | 11,655,915                | 2,564,801                |
| Purchase of non-trading investments  | (13,146,597)              | (3,297,099)              |
| Purchase of property and equipment   | (177,029)                 | (159,744)                |
| Proceeds from sale of property and equipment   | 66,444                    | 867                      |
| Net cash used in investing activities  | <u>(1,601,267)</u>        | <u>(891,175)</u>         |
| <b><u>FINANCING ACTIVITIES</u></b>   |                           |                          |
| Term loan  | (1,312,500)               | -                        |
| Dividends paid   | (71,060)                  | (2,397)                  |
| Net cash used in financing activities  | <u>(1,383,560)</u>        | <u>(2,397)</u>           |
| Increase (decrease) in cash and cash equivalents   | 3,378,159                 | (473,808)                |
| Cash and cash equivalents at the beginning of the period   | <u>5,460,659</u>          | <u>5,723,943</u>         |
| Cash and cash equivalents at the end of the period   | <u>7</u> <u>8,838,818</u> | <u>5,250,135</u>         |
| Special commission received during the period  | 2,780,829                 | 2,538,903                |
| Special commission paid during the period  | <u>(983,178)</u>          | <u>(1,182,991)</u>       |
| <b><u>Supplemental non cash information</u></b>  |                           |                          |
| Net changes in fair value  | <u>(97,755)</u>           | <u>(11,247)</u>          |

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
Notes To The Interim Condensed Consolidated Financial Statements  
For the six months ended June 30, 2008 and 2007  
(SAR'000)

1. General

Arab National Bank (a Saudi Joint Stock Company, the Bank) was formed pursuant to Royal Decree No. M/38 dated Rajab 18,1399H (June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (January 19, 1980) through 125 branches (2007: 121 branches) in the Kingdom of Saudi Arabia and one branch in the United Kingdom. The address of the Bank's head office is as follows:

Arab National Bank  
P.O. Box 56921  
Riyadh 11564  
Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides its customers non-interest based banking products which are approved and supervised by an independent Shariah Board established by the Bank.

In accordance with the Capital Market Authority directives, the Bank has established a wholly owned subsidiary (directly and indirectly) "ANB Invest", a Saudi limited liability company to takeover and manage the Bank's investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority. The subsidiary commenced its operations effective on Muharram 3, 1429H (corresponding to January 12, 2008). Accordingly, the Bank started consolidating the financial statements of the above mentioned subsidiary effective January 12, 2008.

2. Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency (SAMA) and IAS 34 – Interim Financial Reporting. The Bank also prepares its interim condensed consolidated financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2007.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

Basis of consolidation

The interim condensed consolidated financial statements comprise the interim consolidated financial statements of the Bank and its subsidiary collectively referred to as (the Group). The financial statements of the subsidiary are prepared for the same reporting year as that of the Bank, using consistent accounting policies. Adjustments have been made to the financial statements of the subsidiary when necessary to align them with the Bank's financial statements.

Subsidiaries are all entities controlled by the Bank. Control exists when the Bank has the power to govern the financial and operating policies so as to obtain benefits from their activities, generally accompanying an ownership interest of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed of during the year, if any, are included in the consolidated statement of income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
Notes To The Interim Condensed Consolidated Financial Statements (Continued)  
For the six months ended June 30, 2008 and 2007  
(SAR'000)

2. Basis of preparation (continued)

Balances and any unrealised gains and losses arising from transactions between the Bank and its subsidiary are eliminated in preparing the interim consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3. Accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2007.

4. Investments, net

Investment securities are classified as follows:

|  | June 30, 2008<br>(Unaudited) | December 31, 2007<br>(Audited) | June 30, 2007<br>(Unaudited) |
|--|------------------------------|--------------------------------|------------------------------|
| Held at fair value through income statement (FVIS) | 1,017,499                    | 1,076,941                      | 1,307,256                    |
| Available for sale                                 | 5,439,160                    | 6,132,341                      | 5,485,108                    |
| Held to maturity                                   | 6,359,746                    | 2,429,532                      | 431,933                      |
| Other investments held at amortized cost, net      | 9,475,456                    | 11,385,991                     | 11,883,695                   |
| Total  | 22,291,861                   | 21,024,805                     | 19,107,992                   |

5. Derivatives

The table below sets out the positive and negative fair values of derivative financial instruments, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

|  | June 30, 2008<br>(Unaudited) |                     |                 | December 31, 2007<br>(Audited) |                     |                 | June 30, 2007<br>(Unaudited) |                     |                 |
|--|------------------------------|---------------------|-----------------|--------------------------------|---------------------|-----------------|------------------------------|---------------------|-----------------|
|  | Positive fair value          | Negative fair value | Notional amount | Positive fair value            | Negative fair value | Notional amount | Positive fair value          | Negative fair value | Notional Amount |
| Derivatives held for trading:          |                              |                     |                 |                                |                     |                 |                              |                     |                 |
| Commission rate swaps                  | 125,168                      | 117,424             | 12,733,087      | 79,050                         | 68,532              | 9,405,475       | 40,816                       | 36,018              | 6,030,447       |
| Forward foreign exchange contracts     | 238,007                      | 193,488             | 23,891,170      | 110,198                        | 77,116              | 13,117,870      | 97,436                       | 57,196              | 22,071,853      |
| Currency options                       | 722                          | 1,413               | 115,125         | 8,089                          | 8,624               | 1,072,269       | 11,335                       | 11,227              | 1,255,133       |
| Derivatives held as fair value hedges: |                              |                     |                 |                                |                     |                 |                              |                     |                 |
| Commission rate swaps                  | 24,820                       | 65,655              | 6,377,083       | 8,696                          | 74,991              | 3,716,314       | 17,353                       | 16,262              | 6,367,923       |
| Derivatives held as cash flow hedges:  |                              |                     |                 |                                |                     |                 |                              |                     |                 |
| Commission rate swaps                  | 7,531                        | 6,191               | 1,331,000       | 10,746                         | -                   | 689,000         | 186                          | 15,940              | 2,809,500       |
| Total                                  | 396,248                      | 384,171             | 44,447,465      | 216,779                        | 229,263             | 28,000,928      | 167,126                      | 136,643             | 38,534,856      |

ARAB NATIONAL BANK – Saudi Joint Stock Company  
Notes To The Interim Condensed Consolidated Financial Statements (continued)  
For the six months ended June 30, 2008 and 2007  
(SAR'000)

6. Credit related commitments and contingencies

The Group's consolidated credit related commitments and contingencies are as follows:

|  | June 30, 2008<br>(Unaudited) | December 31, 2007<br>(Audited) | June 30, 2007<br>(Unaudited) |
|--|------------------------------|--------------------------------|------------------------------|
| Letters of credit                        | 7,128,692                    | 5,245,467                      | 4,695,435                    |
| Letters of guarantee                     | 14,268,930                   | 11,620,501                     | 9,918,423                    |
| Acceptances                              | 2,320,762                    | 1,785,059                      | 2,084,088                    |
| Irrevocable commitments to extend credit | 1,865,446                    | 1,435,166                      | 1,862,944                    |
| Other                                    | 358,055                      | 369,804                        | 380,456                      |
| <b>Total</b>                             | <b>25,941,885</b>            | <b>20,455,997</b>              | <b>18,941,346</b>            |

7. Cash and cash equivalents

Cash and cash equivalents included in the interim consolidated statement of cash flows comprise the following:

|   | June 30, 2008<br>(Unaudited) | December 31, 2007<br>(Audited) | June 30, 2007<br>(Unaudited) |
|---|------------------------------|--------------------------------|------------------------------|
| Cash and balances with SAMA excluding statutory deposit   | 6,409,365                    | 5,062,605                      | 2,684,302                    |
| Due from banks and other financial institutions maturing within ninety days of the acquisition date | 2,429,453                    | 398,054                        | 2,565,833                    |
| <b>Total</b>  | <b>8,838,818</b>             | <b>5,460,659</b>               | <b>5,250,135</b>             |

8. Business segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch located in London, UK (the "branch"). However, the total assets, liabilities, commitments and results of operations of the branch are not material to the Group's overall interim consolidated financial statements.

Transactions between the business segments are reported as recorded in the Bank's transfer pricing system. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balances.

For management purposes, the Group is organized into the following major business segments:

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

Loans, deposits and other credit products for corporate and institutional customers, small to medium sized businesses, and the Bank's London Branch.

Investment and brokerage services

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

Treasury banking

Manages the Bank's trading and investment portfolios and the Bank's funding, liquidity, currency and commission risks.

Other

Includes income on capital and unallocated costs, assets and liabilities pertaining to the Head office and other supporting departments.

ARAB NATIONAL BANK – Saudi Joint Stock Company  
Notes To The Interim Condensed Consolidated Financial Statements (continued)  
For the six months ended June 30, 2008 and 2007  
(SAR'000)

8. Business segments (continued)

The Group's total consolidated assets and liabilities as at June 30, 2008 and 2007, its total consolidated operating income, expenses and net income and other related information for the six month periods then ended, by business segments, being the primary reporting segments, are as follows:

| June 30, 2008 (Unaudited)            |                |                   |                  |                                   |           |             |
|--------------------------------------|----------------|-------------------|------------------|-----------------------------------|-----------|-------------|
|                                      | Retail banking | Corporate banking | Treasury banking | Investment and brokerage services | Other     | Total       |
| Total assets                         | 26,350,530     | 47,446,543        | 35,289,369       | 19,175                            | 1,224,279 | 110,329,896 |
| Total liabilities                    | 35,691,069     | 51,209,103        | 10,080,703       | 1,327,931                         | 272,632   | 98,581,438  |
| Total operating income               | 1,242,110      | 515,898           | 135,096          | 109,221                           | 222,420   | 2,224,745   |
| Total operating expenses             | 713,530        | (15,879)          | 42,076           | 56,564                            | 4,107     | 800,398     |
| Net income for the period            | 528,580        | 531,777           | 93,020           | 52,657                            | 218,313   | 1,424,347   |
| Provision for credit losses, net     | 157,020        | (118,898)         | -                | -                                 | -         | 38,122      |
| Impairment of other financial assets | -              | -                 | 205,654          | -                                 | -         | 205,654     |
| Depreciation                         | 36,496         | 679               | 396              | 3,227                             | 32,461    | 73,259      |
| June 30, 2007 (Unaudited)            |                |                   |                  |                                   |           |             |
|                                      | Retail banking | Corporate banking | Treasury banking | Investment and brokerage services | Other     | Total       |
| Total assets                         | 23,052,794     | 33,264,328        | 25,122,824       | 561,476                           | 509,842   | 82,511,264  |
| Total liabilities                    | 31,137,121     | 34,610,877        | 7,001,488        | 314,323                           | 199,331   | 73,263,140  |
| Total operating income               | 1,097,662      | 351,890           | 327,959          | 149,898                           | 175,335   | 2,102,744   |
| Total operating expenses             | 589,143        | 89,650            | 25,198           | 30,104                            | 887       | 734,982     |
| Net income for the period            | 508,519        | 262,240           | 302,761          | 119,794                           | 174,448   | 1,367,762   |
| Provision for credit losses, net     | 53,037         | (3,351)           | -                | -                                 | -         | 49,686      |
| Depreciation                         | 27,541         | 611               | 424              | 1,828                             | 23,859    | 54,263      |

9. Share capital and earnings per share

During the period ended June 30, 2008, 195 million shares of SAR 10 each were issued after approval by the shareholders at their extraordinary general assembly meeting held on March 16, 2008. Consequently at June 30, 2008, the Bank has 650 million shares issued and outstanding. Furthermore, during the period ended June 30, 2007, 130 million shares of SAR 10 each were issued after approval by the shareholders at their extraordinary general assembly meeting held on March 18, 2007.

Basic and diluted earnings per share for the periods ended June 30, 2008 and 2007 are calculated by dividing the net income for the period by 650 million shares to give a retroactive effect of the change in the number of shares as a result of the 2008 bonus share issue.

#### 10. Capital Adequacy

The Group maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Group's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Saudi Arabian Monetary Agency in supervising the Banks.

SAMA has issued guidance regarding implementation of Basel II disclosures effective January 1, 2008. Consequently the following disclosures have been made for the first period and comparatives have not been presented.

| Capital Adequacy Ratios |                     |                      |
|-------------------------|---------------------|----------------------|
| Particulars             | Total capital ratio | Tier 1 capital ratio |
|                         | %                   |                      |
| Top consolidated level  | 13.66               | 10.04                |

#### 11. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to current period presentation.

#### 12. BASEL II PILLAR 3 DISCLOSURES

Under Basel II pillar 3, certain quantitative disclosures are required, and these disclosures will be made available on the Bank's website [www.anb.com.sa](http://www.anb.com.sa) as required by the Saudi Arabian Monetary Agency. Such disclosures are not subject to review or audit by the external auditors.