



Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Arab National Bank (the "Bank") and its subsidiaries (collectively referred to as "the Group") as at June 30, 2011, the related interim consolidated statements of income and comprehensive income for the three month and six month periods ended June 30, 2011, and the related interim consolidated statements of changes in equity and cash flows for the six month period then ended and the notes from (1) to (12) for the six month period then ended. We have not reviewed note (13), nor the information related to "Basel II Pillar 3 Disclosures" cross referenced therein, which is not required to be within the scope of our review. The Bank's management is responsible for the preparation and presentation of these interim condensed consolidated financial statements 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". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with generally accepted standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with 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 (12) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (12) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

Ernst & Young

P O Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Fahad M. Al Toaimi
Certified Public Accountant
Registration No. 354



**Deloitte and Touche
Bakr Abulkhair & Co**

P. O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia

Ehsan A. Makhdom
Certified Public Accountant
Registration No. 358



12 Sha'aban 1432H
(13 July 2011)

ARAB NATIONAL BANK – Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at	Note	June 30, 2011 (Unaudited) SAR'000	December 31, 2010 (Audited) SAR'000	June 30, 2010 (Unaudited) SAR'000
ASSETS				
Cash and balances with SAMA		12,130,353	11,997,395	11,088,326
Due from banks and other financial institutions		1,101,796	1,380,666	1,951,978
Investments, net	4	22,732,142	32,841,033	22,743,958
Loans and advances, net	5	69,086,536	66,202,951	64,787,165
Investment in an associate		335,643	327,249	319,809
Other real estate		96,463	100,263	100,992
Property and equipment, net		1,189,179	1,260,752	1,223,545
Other assets		2,372,297	1,924,456	3,992,859
Total assets		109,044,409	116,034,765	106,208,632
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		4,168,789	12,096,804	6,372,480
Customers' deposits	6	84,519,949	84,198,613	78,348,308
Other liabilities		2,418,156	2,655,164	4,535,093
Debt securities in issue		1,687,500	1,687,500	1,687,500
Total liabilities		92,794,394	100,638,081	90,943,381
Equity attributed to equity holders of the Bank				
Share capital	11	8,500,000	6,500,000	6,500,000
Statutory reserve		5,480,000	5,480,000	5,000,000
Other reserves		173,685	(44,866)	128,199
Retained earnings		1,989,717	2,705,637	3,528,761
Proposed dividend		-	650,000	-
Total equity attributed to equity holders of the Bank		16,143,402	15,290,771	15,156,960
Non-controlling interest		106,613	105,913	108,291
Total equity		16,250,015	15,396,684	15,265,251
Total liabilities and equity		109,044,409	116,034,765	106,208,632

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

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

	<u>For the three months ended</u>		<u>For the six months ended</u>		
	<u>Note</u>	<u>June 30, 2011 SAR'000</u>	<u>June 30, 2010 SAR'000</u>	<u>June 30, 2011 SAR'000</u>	<u>June 30, 2010 SAR'000</u>
Special commission income		877,034	840,866	1,749,451	1,729,726
Special commission expense		71,693	65,541	150,030	151,358
Net special commission income		805,341	775,325	1,599,421	1,578,368
Fees from banking services, net		181,376	148,494	363,152	284,682
Exchange income, net		78,087	95,899	157,673	168,822
Income from FVIS financial instruments, net		4,089	162	3,575	3,396
Trading income, net		20,454	10,930	46,253	17,769
Gains and impairment of non trading investments, net		25,509	53,128	16,868	108,375
Dividend income		4,893	6,299	16,877	19,351
Other operating income		38,460	24,635	68,440	58,808
Total operating income		1,158,209	1,114,872	2,272,259	2,239,571
Salaries and employee related expenses		241,646	235,678	528,699	457,258
Rent and premises related expenses		30,930	30,908	60,405	61,243
Depreciation and amortization		47,285	51,428	95,542	102,838
Other general and administrative expenses		91,306	91,927	188,197	185,194
Provision for credit losses, net		55,003	79,428	123,030	176,284
Total operating expenses		466,170	489,369	995,873	982,817
Net operating income		692,039	625,503	1,276,386	1,256,754
Share in earnings of an associate		4,883	3,419	8,394	5,160
Net income for the period		696,922	628,922	1,284,780	1,261,914
(Income) loss attributed to non-controlling interest		(244)	517	(700)	1,209
Net income attributed to equity holders of the Bank		696,678	629,439	1,284,080	1,263,123
Basic and fully diluted earnings (in SAR per share)	11	0.82	0.74	1.51	1.49

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

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

	<u>For the three months ended</u>		<u>For the six months ended</u>	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
	<u>SAR' 000</u>	<u>SAR' 000</u>	<u>SAR' 000</u>	<u>SAR' 000</u>
Net income for the period	<u>696,678</u>	<u>629,439</u>	<u>1,284,080</u>	<u>1,263,123</u>
Other comprehensive income:				
Available for sale investments				
- Net change in fair value	356,460	78,314	248,934	268,421
- Transfer to interim consolidated income statement	(30,331)	(10,733)	(21,689)	(107,306)
Cash flows hedges				
- Net change in fair value	6,183	(20,695)	26,260	21,575
- Transfer to interim consolidated income statement	(18,135)	(3,428)	(34,954)	(7,620)
	<u>314,177</u>	<u>43,458</u>	<u>218,551</u>	<u>175,070</u>
Total comprehensive income for the period	<u>1,010,855</u>	<u>672,897</u>	<u>1,502,631</u>	<u>1,438,193</u>
Attributable to:				
Equity holders of the bank	1,010,855	672,897	1,502,631	1,438,193
Non-controlling interest	244	(517)	700	(1,209)
Total comprehensive income for the period	<u>1,011,099</u>	<u>672,380</u>	<u>1,503,331</u>	<u>1,436,984</u>

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
For the six months ended June 30, 2011 and 2010
(Unaudited)

Attributable to equity holders of the Bank

	Note	Share capital SAR' 000	Statutory reserve SAR' 000	Other reserves SAR' 000	Retained earnings SAR' 000	Proposed dividend SAR'000	Total SAR'000	Non-controlling interest SAR'000	Total equity SAR'000
2011									
Balance at beginning of the period		6,500,000	5,480,000	(44,866)	2,705,637	650,000	15,290,771	105,913	15,396,684
Net changes in fair value of cash flow hedges				26,260	-	-	26,260	-	26,260
Net changes in fair value of available for sale investments				248,934	-	-	248,934	-	248,934
Transfers to interim consolidated income statement				(56,643)	-	-	(56,643)	-	(56,643)
Net income recognized directly in equity				218,551	-	-	218,551	-	218,551
Net income for the period				-	1,284,080	-	1,284,080	700	1,284,780
Total recognized income for the period				218,551	1,284,080	-	1,502,631	700	1,503,331
Bonus Share issue	11	2,000,000	-	-	(2,000,000)	-	-	-	-
2010 final dividend		-	-	-	-	(650,000)	(650,000)	-	(650,000)
Balance at end of the period		8,500,000	5,480,000	173,685	1,989,717	-	16,143,402	106,613	16,250,015
2010									
Balance at beginning of the period		6,500,000	5,000,000	(46,871)	2,265,638	650,000	14,368,767	109,500	14,478,267
Net changes in fair value of cash flow hedges				21,575	-	-	21,575	-	21,575
Net changes in fair value of available for sale investments				268,421	-	-	268,421	-	268,421
Transfers to interim consolidated income statement				(114,926)	-	-	(114,926)	-	(114,926)
Net income recognized directly in equity				175,070	-	-	175,070	-	175,070
Net income for the period				-	1,263,123	-	1,263,123	(1,209)	1,261,914
Total recognized income for the period				175,070	1,263,123	-	1,438,193	(1,209)	1,436,984
2009 final dividend		-	-	-	-	(650,000)	(650,000)	-	(650,000)
Balance at end of the period		6,500,000	5,000,000	128,199	3,528,761	-	15,156,960	108,291	15,265,251

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
For the six months ended
(Unaudited)

	<u>Note</u>	<u>June 30, 2011</u> <u>SAR'000</u>	<u>June 30, 2010</u> <u>SAR'000</u>
<u>OPERATING ACTIVITIES</u>			
Net income for the period		1,284,780	1,261,914
Adjustments to reconcile net income to net cash used in operating activities:			
(Accretion of discounts) amortization of premium on non-trading investments, net		(476)	32,625
Gains and impairment of non-trading investments, net		(16,868)	(108,375)
Depreciation and amortization		95,542	102,838
Gains on disposal of property and equipment, net		(11,430)	(2,476)
Share in earnings of an associate		(8,394)	(5,160)
Provision for credit losses, net		123,030	176,284
		1,466,184	1,457,650
Net decrease (increase) in operating assets:			
Statutory deposit with SAMA		(489,971)	101,345
Due from banks and other financial institutions maturing after ninety days of the acquisition date		37,957	1,371,702
Loans and advances		(2,988,590)	1,871,776
Other real estate		3,800	-
Other assets		(470,511)	(2,679,182)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		(7,928,015)	(2,341,748)
Customers' deposits		321,336	(4,331,932)
Other liabilities		(209,035)	2,474,147
		(10,256,845)	(2,076,242)
Net cash used in operating activities		(10,256,845)	(2,076,242)
<u>INVESTING ACTIVITIES</u>			
Proceeds from sales of and matured non-trading investments		70,651,902	34,124,614
Purchase of non-trading investments		(60,329,446)	(33,348,191)
Purchase of property and equipment		(46,432)	(97,146)
Proceeds from sale of property and equipment		33,893	12,920
		10,309,917	692,197
Net cash from investing activities		10,309,917	692,197
<u>FINANCING ACTIVITIES</u>			
Dividends paid		(650,998)	(642,482)
Net cash used in financing activities		(650,998)	(642,482)
Decrease in cash and cash equivalents		(597,926)	(2,026,527)
Cash and cash equivalents at the beginning of the period		9,162,764	10,819,049
Cash and cash equivalents at the end of the period	9	8,564,838	8,792,522
Special commission received during the period		1,839,175	1,839,121
Special commission paid during the period		(133,207)	(97,496)
<u>Supplemental non-cash information</u>			
Net changes in fair value and transfer to interim consolidated income statement		218,551	175,070

The accompanying notes 1 to 13 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, 2011 and 2010
(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 142 branches (2010: 140 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.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and the following subsidiaries:

Arab National Bank Investment Company (ANB Invest)

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, registered in the Kingdom of Saudi Arabia under commercial registration No. 1010239908 issued on 26 Shawal 1428H (corresponding to November 7, 2007), 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.

Arabian Heavy Equipment Leasing Company (AHEL)

A 62.5% owned subsidiary incorporated in the Kingdom of Saudi Arabia, as a Saudi closed joint stock company, under commercial registration No. 1010267489 issued in Riyadh dated 15 Jumada 1, 1430H (corresponding to May 10, 2009). The company is engaged in leasing of heavy equipments and operating in compliance with Shariah principles. The Bank started consolidating the subsidiary financial statements effective May 10, 2009, the date the subsidiary started its operations.

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 do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010.

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

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (Continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

2. Basis of preparation (continued)

Basis of consolidation

The interim condensed consolidated financial statements comprise the interim condensed financial statements of "Arab National Bank" and its subsidiaries, ANB Invest and AHEL (collectively referred to as "the Group"). The financial statements of the subsidiaries 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 subsidiaries to align them with the Bank's financial statements.

Subsidiaries are all entities over which 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 period, if any, are included in the interim consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Non-controlling interests represent the portion of net income and net assets not owned, directly or indirectly, by the Bank in its subsidiary and are presented separately in the interim consolidated income statement and within equity in the consolidated statement of financial position, separately from parent shareholders' equity.

Balances and any unrealised gains and losses arising from transactions between the Bank and its subsidiaries are eliminated in preparing the interim condensed 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 used in the preparation of these interim condensed consolidated financial statements are consistent with those used for the year ended December 31, 2010 except for the adoption of following amendments and revisions to existing standards mentioned below which has had no financial impact on the interim condensed consolidated financial statements of the Group:

- *IAS 24 Related Party Disclosures (revised 2009)*

The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities

- *Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements*

IAS 1 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented either in the statement of changes in equity or in the notes.

- *Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting*

These amendments emphasises the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report and clarifies how to apply this principle in respect of financial instruments and their fair values.

Other amendments resulting from the improvements to the IFRSs to the following standards did not have any material impact on the accounting policies, financial position and performance of the Bank:

- IFRS 7
- IAS 27
- IAS 32

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (Continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

4. Investments, net

Investment securities are classified as follows:

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Held at fair value through income statement (FVIS)	162,231	1,286,730	559,764
Available for sale	6,723,139	18,050,950	10,639,705
Held to maturity	-	-	419,867
Held at amortized cost, net	15,846,772	13,503,353	11,124,622
Total	22,732,142	32,841,033	22,743,958

5. Loans and advances, net

Loans and advances comprise the following

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Commercial loans and overdrafts	49,854,941	47,917,330	46,072,206
Consumer loans	18,850,092	17,768,342	17,535,487
Credit cards	554,126	682,343	771,107
Performing loans and advances	69,259,159	66,368,015	64,378,800
Non-performing loans and advances, net	2,067,540	2,029,425	1,944,213
Gross loans and advances	71,326,699	68,397,440	66,323,013
Provision for credit losses, net	(2,240,163)	(2,194,489)	(1,535,848)
Loans and advances, net	69,086,536	66,202,951	64,787,165

6. Customers' deposits

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Demands	47,859,951	41,959,177	38,305,652
Time	34,109,857	38,842,104	37,430,678
Saving	107,526	97,258	100,146
Others	2,442,615	3,300,074	2,511,832
Total	84,519,949	84,198,613	78,348,308

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (Continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

7. 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 Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

	June 30, 2011 (Unaudited)			December 31, 2010 (Audited)			June 30, 2010 (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	176,406	164,343	9,207,799	206,348	189,648	12,705,460	192,667	174,815	15,059,395
Forward foreign exchange contracts	112,149	84,448	9,989,164	150,375	107,094	14,189,189	1,828,674	1,809,935	18,081,826
Currency options	5,032	4,001	3,961,128	3,938	8,611	1,023,335	4,817	4,339	276,135
Derivatives held as fair value hedges:									
Commission rate swaps	1,621	179,410	7,227,534	-	162,491	4,597,558	5,531	218,616	4,637,752
Derivatives held as cash flow hedges:									
Commission rate swaps	19,387	-	1,676,250	-	399	56,250	27,824	-	1,325,000
Total	314,595	432,202	32,061,875	360,661	468,243	32,571,792	2,059,513	2,207,705	39,380,108

8. Credit related commitments and contingencies

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

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Letters of credit	5,776,969	5,034,121	5,068,100
Letters of guarantee	17,214,314	16,996,550	15,707,162
Acceptances	2,667,175	1,413,799	1,609,671
Irrevocable commitments to extend credit	2,176,503	3,026,981	2,179,323
Other	275,083	275,085	275,083
Total	28,110,044	26,746,536	24,839,339

9. Cash and cash equivalents

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

	June 30, 2011 (Unaudited)	December 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	7,500,542	7,857,555	7,198,217
Due from banks and other financial institutions maturing within ninety days of the acquisition date	1,064,296	1,305,209	1,594,305
Total	8,564,838	9,162,764	8,792,522

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

10. 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 condensed consolidated financial statements. All operating segments used by the Group meet the definition of reportable segments under IFRS 8.

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.

Treasury banking

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

Investment and brokerage services

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

Other

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

The Group's total consolidated assets and liabilities as at June 30, 2011 and 2010, its total interim consolidated operating income, expenses and net income and other related information for the six months period then ended, by business segments, as reported to senior management, are as follows:

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

10. Business segments (continued)

June 30, 2011 (Unaudited)						
	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	26,094,303	47,234,134	32,906,927	54,081	2,754,964	109,044,409
Total liabilities	47,389,586	39,074,078	6,012,282	30,891	287,557	92,794,394
Total operating income	1,087,037	703,668	208,230	74,553	198,771	2,272,259
Total operating expenses	695,065	199,460	45,595	43,300	12,453	995,873
Share in earnings of an associate	-	-	-	-	8,394	8,394
Income attributed to non-controlling interest	-	-	-	-	700	700
Provision for credit losses, net	77,138	45,892	-	-	-	123,030
Depreciation and amortization	52,393	1,089	1,277	2,981	37,802	95,542
Net income for the period	391,972	504,208	162,635	31,253	194,012	1,284,080
June 30, 2010 (Unaudited)						
	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	24,861,163	43,599,856	35,125,961	285,297	2,336,355	106,208,632
Total liabilities	40,743,715	39,692,180	10,209,175	35,365	262,946	90,943,381
Total operating income	1,068,679	615,773	255,593	51,579	247,947	2,239,571
Total operating expenses	586,704	320,478	33,515	37,856	4,264	982,817
Share in earnings of an associate	-	-	-	-	5,160	5,160
Loss attributed to non-controlling interest	-	-	-	-	1,209	1,209
Provision for credit losses, net	(25,847)	202,131	-	-	-	176,284
Depreciation and amortization	55,863	1,181	627	3,456	41,711	102,838
Net income for the period	481,975	295,295	222,078	13,723	250,052	1,263,123

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the six months ended June 30, 2011 and 2010
(SAR'000)

11. Share capital and earnings per share

During the period ended June 30, 2011, 200 million bonus shares of SAR 10 each were issued after approval by the shareholders at their extraordinary general assembly meeting held on March 27, 2011. Consequently at June 30, 2011, the Bank has 850 million shares issued and outstanding.

Basic and fully diluted earnings per share for the periods ended June 30, 2011 and 2010 are calculated by dividing the net income for the periods by 850 million shares to give a retroactive effect of the change in the number of shares as a result of the 2011 bonus share issue.

12. 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 Bank.

Capital Adequacy Ratios				
Particulars	Total capital ratio	Tier 1 capital ratio	Total capital ratio	Tier 1 capital ratio
	%	%	%	%
	June 30, 2011 (Unaudited)		June 30, 2010 (Unaudited)	
Top consolidated level	17.54	14.51	17.68	14.43

13. 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 as required by the Saudi Arabian Monetary Agency. Such disclosures are not subject to review or audit by the external auditors.