Consolidated Statement of Financial Position
As at December 31, 2010 and 2009

	Notes	2010 SAR' 000	2009 SAR' 000
Assets			
Cash and balances with SAMA	4	**11,997,395**	10,457,455
Due from banks and other financial institutions	5	**1,380,666**	6,082,423
Investments, net	6	**32,841,033**	23,260,907
Loans and advances, net	7	**66,202,951**	66,811,033
Investment in an associate	8	**327,249**	314,649
Other real estate		**100,263**	100,992
Property and equipment, net	9	**1,260,752**	1,239,681
Other assets	10	**1,924,456**	2,030,180
Total assets		**116,034,765**	110,297,320
Liabilities and Equity			
Liabilities			
Due to banks and other financial institutions	12	**12,096,804**	8,714,228
Customers' deposits	13	**84,198,613**	82,680,240
Other liabilities	14	**2,655,164**	2,737,085
Debt securities in issue	15	**1,687,500**	1,687,500
Total liabilities		**100,638,081**	95,819,053
Equity attributable to equity holders of the Bank			
Share capital	16	**6,500,000**	6,500,000
Statutory reserve	17	**5,480,000**	5,000,000
Other reserves		**(44,866)**	(46,871)
Retained earnings		**2,705,637**	2,265,638
Proposed dividends	27	**650,000**	650,000
Total equity attributable to equity holders of the Bank		**15,290,771**	14,368,767
Non-controlling interest		**105,913**	109,500
Total equity		**15,396,684**	14,478,267
Total liabilities and equity		**116,034,765**	110,297,320

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Income Statement
For the years ended December 31, 2010 and 2009

	Notes	2010 SAR' 000	2009 SAR' 000
Special commission income	19	**3,454,343**	4,234,487
Special commission expense	19	**296,790**	778,204
Net special commission income		**3,157,553**	3,456,283
Fees and commission income, net	20	**544,754**	563,002
Exchange income, net		**322,580**	259,749
Gain (loss) from FVIS financial instruments, net	21	**5,932**	(13,285)
Trading income, net	22	**83,564**	10,656
Dividend income	23	**33,934**	12,685
Gains and impairment on non-trading investments, net	24	**239,740**	45,498
Other operating income	25	**115,724**	158,871
Total operating income		**4,503,781**	4,493,459
Salaries and employee related expenses		**931,623**	934,053
Rent and premises related expenses		**126,491**	122,938
Depreciation and amortization	9	**204,856**	192,571
Other general and administrative expenses		**381,502**	351,903
Provision for credit losses, net	7	**964,407**	526,583
Total operating expenses		**2,608,879**	2,128,048
Net operating income		**1,894,902**	2,365,411
Share in earnings of an associate	8	**12,600**	1,601
Net income for the year		**1,907,502**	2,367,012
Loss attributed to non-controlling interest		**3,587**	3,000
Net income attributable to equity holders of the bank		**1,911,089**	2,370,012
Basic and diluted earnings (in SAR per share)	26	**2.94**	3.65

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income
For the years ended December 31, 2010 and 2009

	2010 SAR' 000	2009 SAR' 000
Net income for the year	**1,907,502**	2,367,012
Other comprehensive income:		
Available for sale financial assets		
- Net change in fair value	**292,204**	236,109
- Transfer to consolidated income statement	**(282,367)**	(74,510)
Cash flows hedges		
- Net change in fair value	**42,223**	(94,029)
- Transfer to consolidated income statement	**(50,055)**	(28,659)
	2,005	38,911
Total comprehensive income for the year	**1,909,507**	2,405,923
Attributable to:		
Equity holders of the Bank	**1,913,094**	2,408,923
Non - controlling interest	**(3,587)**	(3,000)
Total comprehensive income for the year	**1,909,507**	2,405,923

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity
For the years ended December 31, 2010 and 2009

		Attributable to equity holders of the Bank							
2010	**Notes**	**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**
Balance at beginning of the year		**6,500,000**	**5,000,000**	**(46,871)**	**2,265,638**	**650,000**	**14,368,767**	**109,500**	**14,478,267**
Total comprehensive income for the year				**2,005**	**1,911,089**	**-**	**1,913,094**	**(3,587)**	**1,909,507**
Transfer to statutory reserve	17		**480,000**	**-**	**(480,000)**	**-**	**-**	**-**	**-**
Dividend paid 2009			**-**	**-**	**-**	**(650,000)**	**(650,000)**	**-**	**(650,000)**
Proposed dividend	27		**-**	**-**	**(650,000)**	**650,000**	**-**	**-**	**-**
Zakat	27		**-**	**-**	**(341,090)**	**-**	**(341,090)**	**-**	**(341,090)**
Balance at end of the year		**6,500,000**	**5,480,000**	**(44,866)**	**2,705,637**	**650,000**	**15,290,771**	**105,913**	**15,396,684**
2009									
Balance at beginning of the year		6,500,000	4,390,000	(85,782)	1,217,080	650,000	12,671,298	-	12,671,298
Non-controlling interest arising during the year				-	-	-	-	112,500	112,500
Total comprehensive income for the year				38,911	2,370,012	-	2,408,923	(3,000)	2,405,923
Transfer to statutory reserve	17		610,000	-	(610,000)	-	-	-	-
Dividend paid 2008			-	-	-	(650,000)	(650,000)	-	(650,000)
Proposed dividend	27		-	-	(650,000)	650,000	-	-	-
Zakat	27		-	-	(61,454)	-	(61,454)	-	(61,454)
Balance at end of the year		6,500,000	5,000,000	(46,871)	2,265,638	650,000	14,368,767	109,500	14,478,267

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Consolidated Statement of Cash Flows
For the years ended December 31, 2010 and 2009

	Notes	2010 SAR' 000	2009 SAR' 000
Operating activities			
Net income for the year		**1,907,502**	2,367,012
Adjustments to reconcile net income to net cash from (used in) operating activities:			
Accretion of discounts on non-trading investments, net		**(51,586)**	(118,177)
Gain and impairment on non-trading investments, net	24	**(239,740)**	(45,498)
Depreciation and amortization	9	**204,856**	192,571
Gains on disposal of property and equipment, net and other real estate	25	**(3,168)**	(5,997)
Gain from early retirement of debt securities	25	**-**	(55,988)
Share in earnings of an associate	8	**(12,600)**	(1,601)
Provision for credit losses, net	7	**964,407**	526,583
Total		**2,769,671**	2,858,905
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA	4	**(148,386)**	(92,666)
Due from banks and other financial institutions maturing after ninety days from the acquisition date		**1,653,918**	(1,541,875)
Loans and advances		**(375,245)**	7,224,236
Other real estate		**729**	2,448
Other assets		**135,629**	(558,741)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		**3,382,576**	(1,794,845)
Customers' deposits		**1,518,373**	(10,063,213)
Other liabilities		**(454,705)**	29,387
Net cash from (used in) operating activities		**8,482,560**	(3,936,364)
Investing activities			
Proceeds from sale of and matured non-trading investments		**73,841,492**	36,627,656
Purchase of non-trading investments		**(83,114,371)**	(31,307,717)
Investment in an associate	8	**-**	(120,000)
Purchase of property and equipment	9	**(236,360)**	(505,792)
Proceeds from sale of property and equipment		**13,601**	14,388
Net cash (used in) from investing activities		**(9,495,638)**	4,708,535
Financing activities			
Early retirement of debt securities		**-**	(131,512)
Dividends paid		**(643,207)**	(643,054)
Non-controlling interest		**-**	109,500
Net cash used in financing activities		**(643,207)**	(665,066)
(Decrease) increase in cash and cash equivalents		**(1,656,285)**	107,105
Cash and cash equivalents at the beginning of the year		**10,819,049**	10,711,944
Cash and cash equivalents at the end of the year	28	**9,162,764**	10,819,049
Special commission received during the year		**3,558,599**	4,564,250
Special commission paid during the year		**253,984**	1,293,116
Supplemental non-cash information			
Net changes in fair value and transfers to consolidated income statement		**334,427**	142,080

The accompanying notes 1 to 41 form an integral part of these consolidated financial statements.

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

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 its 139 branches (2009: 139 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 to its customers non-commission based banking products which are approved and supervised by an independent Shariah Board established by the Bank.

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

Arab National Bank Investment Company (ANBI)
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 1428 (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
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 (May 10, 2009). The company is engaged in leasing of heavy equipments and operating in compliance with Shariah principals. The Bank started consolidating the subsidiary financial statements effective May 10, 2009, the date the subsidiary started its operation.

2. Basis of preparation
a) Statement of compliance
The consolidated financial statements are prepared in accordance with the Accounting Standards for Financial Institutions promulgated by the Saudi Arabian Monetary Agency (SAMA) and International Financial Reporting Standards (IFRS). The Bank prepares its consolidated financial statements to comply with the requirements of the Banking Control Law, the Provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Bank's Articles of Association.

b) Basis of measurement
The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives, financial assets and liabilities held at Fair Value through Income Statement (FVIS) and available for sale. In addition, assets or liabilities that are hedged in a fair value hedging relationship, and otherwise carried at cost, are adjusted to record changes in fair value attributable to the risk being hedged.

c) Functional and presentation currency
These consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the Bank's functional currency. Except as indicated, the financial information presented in SAR has been rounded off to the nearest thousands.

d) Critical accounting judgments, estimates and assumptions
The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting judgments, estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgement in the process of applying the Bank's accounting policies. Such judgements, estimates and assumptions are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgements are as follows:

i) Impairment for credit losses on loans and advances
The Bank reviews its loan portfolios to assess specific and collective impairment on a quarterly basis. In determining whether an impairment loss should be recorded, the Bank makes judgements as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. This evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers in a group. Management uses estimates based on historical loss experience for loans with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating its cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

2. Basis of preparation (continued)

d) Critical accounting judgments, estimates and assumptions (continued)

In addition to specific allowances against individually significant loans and advances, the Bank also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a greater risk of default than when originally granted. This takes into consideration factors such as any deterioration in country risk, industry, and technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

ii) Fair value of unquoted financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. All models are certified before they are used, and models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counterparty), volatilities and correlations require management to make estimates. The judgments include considerations of liquidity and model inputs such as volatility for longer dated derivatives and discount rates, prepayment rates and default rate assumptions for asset backed securities. Changes in assumptions about these factors could affect reported fair value of financial instruments.

iii) Impairment of available for sale equity investments

The Bank exercises judgement to consider impairment on its available-for-sale equity investments. This includes determination of a significant or prolonged decline in the fair value below its cost. In making this judgement, the Bank evaluates among other factors, the normal volatility in share prices. In addition, the Bank considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

Due to current volatility in the market, 30% or more is used as a reasonable measure for significant decline below cost, irrespective of the duration of the decline, and is recognized in the consolidated income statement as impairment of other financial assets. Prolonged decline represents decline below cost that persists for 1 year or longer irrespective of the amount and is, thus, recognized in the consolidated income statement as impairment of other financial assets.

iv) Classification of held-to-maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below:

The accounting policies adopted in the preparation of these consolidated financial statements are consistent with those used in the previous year.

a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries 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 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 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 or loss and net assets not owned, directly or indirectly, by the Bank and are presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the equity holders of the bank. Any losses applicable to the non controlling interest in excess of the non controlling interest are allocated against the interests of the Bank. Acquisitions of non-controlling interests are accounted for using the purchase method of accounting, whereby, the difference between the cost of acquisition and the fair value of the share of the net assets acquired is recognised as goodwill.

Balances and any unrealised gains and losses arising from transactions between the Bank and its subsidiaries are eliminated in preparing the 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.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

b) Investment in associates
Associates are enterprises in which the Bank generally holds 20% to 50% of the voting power and/or over which it exercises significant influence. Investments in associates are initially recorded at cost and subsequently accounted for under the equity method of accounting and are carried in the consolidated statement of financial position at the lower of the equity-accounted or recoverable amount.

c) Settlement date accounting
All regular-way purchases and sales of financial assets are recognized and derecognized on the settlement date. Regular-way purchases or sales are purchases or sales of financial assets that require delivery of assets within the timeframe generally established by regulation or convention in the market place. For financial instruments held at fair value, the Bank accounts for any change in fair values between the trade date and the reporting date.

d) Derivative financial instruments and hedge accounting
Derivative financial instruments, including forward foreign exchange contracts, commission rate futures, forward rate agreements, currency and commission rate swaps, currency and commission rate options, are measured at fair value. All derivatives are carried at their fair value as assets where the fair value is positive and as liabilities where the fair value is negative. Fair values are obtained by reference to quoted market prices, discounted cash flow models and pricing models, as appropriate.

The treatment of changes in their fair value depends on their classification into the following categories:

i) Derivatives held for trading
Any changes in the fair value of derivatives that are held for trading purposes are taken directly to the consolidated income statement and disclosed in trading income. Derivatives held for trading also include those derivatives which do not qualify for hedge accounting and includes embedded derivatives.

ii) Embedded derivatives
Derivatives embedded in other financial instruments are treated as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contract, and the host contract is not itself held for trading or designated at fair value through profit or loss. The embedded derivatives separated from the host are carried at fair value in the trading portfolio with changes in fair value recognised in the consolidated income statement.

iii) Hedge accounting
For the purpose of hedge accounting, hedges are classified into two categories: (a) fair value hedges which hedge the exposure to changes in the fair value of a recognized asset or liability and (b) cash flow hedges which hedge exposure to variability in cash flows that is either attributable to a particular risk associated with a recognized asset or liability or to a highly probable forecasted transaction that will affect the reported net gain or loss.

In order to qualify for hedge accounting, the hedge should be expected to be highly effective, i.e. the changes in fair value or cash flows of the hedging instrument should effectively offset corresponding changes in the hedged item, and should be reliably measurable. At inception of the hedge, the risk management objective and strategy is documented including the identification of the hedging instrument, the related hedged item, the nature of risk being hedged, and how the Group will assess the effectiveness of the hedging relationship. Subsequently, the hedge is required to be assessed and determined to be an effective hedge on an ongoing basis.

In relation to fair value hedges, which meet the criteria for hedge accounting, any gain or loss from re-measuring the hedging instruments to fair value is recognised immediately in the consolidated income statement. The related portion of the hedged item is adjusted against the carrying amount of the hedged item and recognised in the consolidated income statement. For hedged items measured at amortized cost, where the fair value hedge of a commission bearing financial instrument ceases to meet the criteria for hedge accounting or is sold, exercised or terminated, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective commission rate method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the consolidated income statement.

In relation to cash flow hedges which meet the criteria for hedge accounting, the portion of the gain or loss on the hedging instrument that is determined to be an effective hedge is recognized initially in other reserves within other comprehensive income and the ineffective portion, if any, is recognized in the consolidated income statement. For cash flow hedges affecting future transactions, the gains or losses recognized in other reserves, are transferred to the consolidated income statement in the same period in which the hedged transaction affects the consolidated income statement. Where the hedged forecasted transaction results in the recognition of a non-financial asset or a non-financial liability, then at the time the asset or liability is recognized, the associated gains or losses that had previously been recognized in other reserves are included in the initial measurement of the acquisition and related costs of the asset or liability.

Hedge accounting is discontinued when the hedging instrument is expired or sold, terminated or exercised, or no longer qualifies for hedge accounting, or the forecasted transaction is no longer expected to occur or the Bank revokes the designation. At that point of time, any cumulative gain or loss on the cash flow hedging instrument that was recognized in other reserves is retained in equity until the forecasted transaction occurs. Where the hedged forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognized in “other reserves” is transferred to the consolidated income statement for the year.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

3. Summary of significant accounting policies (continued)

e) Foreign currencies

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the exchange rates prevailing at transaction dates. Monetary assets and liabilities at year end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the exchange rates prevailing at the consolidated statement of financial position date. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognized in the consolidated income statement. Exchange differences on monetary items that qualify as hedging instruments in a cash flow hedge are reported initially in equity to the extent that the hedge is effective. Exchange component of gains or losses on non-monetary items are recognized either in the consolidated income statement or other comprehensive income, in accordance with the treatment of the related gain or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The monetary assets and liabilities of overseas branch are translated at the rate of exchange ruling at the consolidated statement of financial position date. The statements of income of the overseas branch are translated at the average exchange rates for the year.

f) Offsetting financial instruments

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Group intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

g) Revenue and expenses recognition

Special commission income and expense for all commission-bearing financial instruments, except for those classified as held for trading or designated at fair value through income statement, including the fees which are considered an integral part of the effective yield of a financial instrument, are recognized in the consolidated income statement on the effective yield basis and include premiums amortized and discounts accreted during the year. The effective yield is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial assets or liability.

The calculation takes into account all contractual terms of the financial instrument (for example, prepayment options) and includes any fees or incremental costs that are directly attributable to the instrument and are an integral part of the effective commission rate but not future credit losses. Loan commitment fees for loans that are likely to be drawn down are deferred and, together with the related direct cost, are recognized as an adjustment to the effective yield on the loan.

The carrying amount of the financial asset or financial liability is adjusted if the Bank revises its estimates of payments or receipts. The adjusted carrying amount is calculated based on the original effective commission rate and the change in carrying amount is recorded as special commission income or expense.

Once the recorded value of a financial asset or a group of similar financial assets has been reduced due to an impairment loss, special commission income continues to be recognized using the original effective commission rate applied to the new carrying amount.

Exchange income/loss is recognized when earned/incurred

Fees and commissions are recognized on an accrual basis when the service has been provided. Portfolio and other management advisory and service fees are recognized based on the applicable service contracts, usually on a time-proportionate basis. Fee received on asset management, wealth management, financial planning, custody services and other similar services that are provided over an extended period of time, are recognized rateably over the period when the service is being provided.

Dividend income is recognized when declared.

Revenue arising from trading activities include all gains and losses from changes in fair value and related commission income or expense and dividends for financial assets and financial liabilities held for trading and foreign exchange differences. This includes any ineffectiveness recorded in hedging transactions.

h) Sale and repurchase agreements

Assets sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized on the consolidated statement of financial position and are measured in accordance with related accounting policies for investments held as FVIS, available for sale, held to maturity and other investments held at amortized cost. The counterparty liability for amounts received under these agreements is included in “due to banks and other financial institutions” or “customers’ deposits”, as appropriate. The difference between sale and repurchase price is treated as special commission expense and accrued over the life of the repo agreement on an effective yield basis. Assets purchased with a corresponding commitment to resell at a specified future date (reverse repo) are not recognized in the consolidated statement of financial position, as the Bank does not obtain control over the assets. Amounts paid under these agreements are included in “Cash and balances with SAMA”, “Due from banks and other financial institutions” or “Loans and advances”, as appropriate. The difference between purchase and resale price is treated as special commission income and accrued over the life of the reverse repo agreement on an effective yield basis.

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

i) Investments
The classification of financial instruments at initial recognition depends on the purpose for which the financial instruments were acquired and their characteristics.

All investment securities are initially recognized at their fair value plus, in the case of all financial assets other than those carried at Fair Value through income statement (FVIS), any directly attributable incremental costs of acquisition. Premiums are amortised and discounts accreted on effective yield basis and taken to special commission income.

For securities traded in organised financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the consolidated statement of financial position date without any deduction for transaction costs. Fair value of managed assets and investments in mutual funds are determined by reference to declared net asset values.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows or the underlying net asset base of the security. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values.

Following initial recognition, subsequent transfers between the various classes of investments are not ordinarily permissible. The subsequent period-end reporting values for each class of investment are determined on the basis as set out in the following paragraphs:

i) Held at Fair Value Through Income Statement (FVIS)
Investments in this category include those investments held for trading or those designated as FVIS on initial recognition. Investments classified as trading are acquired for the purpose of selling or repurchasing in short term and are recorded in the consolidated statement of financial position at fair value. Changes in fair value are recognized in trading income/loss,net. An investment may be designated as FVIS if it satisfies the criteria laid down by IAS 39.

After initial recognition, investments held at FVIS are measured at fair value. Changes in fair value are recorded in the consolidated income statement in the year in which it arises. Special commission income and dividend income received on financial assets held as FVIS are reflected as either trading income or income from FVIS financial instruments in line with the underlying assets in the consolidated income statement.

ii) Available for sale
Available-for-sale investments are those equity and debt securities intended to be held for an unspecified period of time, which may be sold in response to needs for liquidity or changes in commission rates, exchange rates or equity prices.

Investments which are classified as “available for sale” are subsequently measured at fair value. For an available-for-sale investment where the fair value has not been hedged, any gain or loss arising from a change in its fair value is recognized directly in “Other reserves” under equity. On derecognition, any cumulative gain or loss previously recognized in shareholders’ equity is included in the consolidated income statement for the year.

Special commission income is recognised in consolidated income statement on an effective yield basis. Dividend income is recognised in consolidated income statement when the Group becomes entitled to the dividend. Foreign exchange gains or loss on available for sale debt security investments are recognised in consolidated income statement.

iii) Held to maturity
Investments having fixed or determinable payments and fixed maturity that the Bank has the positive intention and ability to hold to maturity, other than those that meet the definition of “Other investments held at amortised cost”, are classified as held to maturity. Held to maturity investments are subsequently measured at amortised cost, less provision for any impairment in value. Amortised cost is calculated by taking into account any discount or premium on acquisition and any fees that are an integral part on an effective yield method. Any gain or loss on such investments is recognized in the consolidated income statement when the investment is derecognized or impaired.

Investments classified as held to maturity cannot ordinarily be sold or reclassified without impacting the Bank’s ability to use this classification and cannot be designated as a hedged item with respect to special commission rate or prepayment risk, reflecting the longer-term nature of these investments.

iv) Other investments held at amortized cost
Investment securities with fixed or determinable payments that are not quoted in an active market and other than those that the Bank intends to sell immediately or in the near term, or those designated as “Available for sale” are classified as “Other investments held at amortised cost”. Such investments where fair values have not been hedged are stated at amortised cost using an effective yield basis, less provision for any impairment. Any gain or loss is recognized in the consolidated income statement when the investment is derecognized or impaired.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

3. Summary of significant accounting policies (continued)

j) Loans and advances

Loans and advances are non-derivative financial assets originated or acquired by the Bank with fixed or determinable payments. Loans and advances are recognised when cash is advanced to borrowers. They are derecognized when either the borrowers repays their obligations, or the loans are sold or written off, or substantially all the risks and rewards of ownership are transferred.

All loans and advances are initially measured at fair value, including acquisition charges associated with the loans and advances except for loans held as FVIS. Loans and advances originated or acquired by the Bank that are not quoted in an active market and for which fair value has not been hedged are classified as loan and advances held at amortized cost and are stated at cost less any amount written off and provisions for impairment.

For loans and advances which are hedged, the related portion of the hedged fair value is adjusted against the carrying amount.

For presentation purposes, provision for credit losses is deducted from loans and advances.

k) Impairment of financial assets

A financial asset is classified as impaired when there is an objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset and that a loss event(s) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

An assessment is made at each consolidated statement of financial position date to determine whether there is objective evidence that a financial asset or group of financial assets may be impaired at the statement of financial position date. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognized for changes in its carrying amounts. The present value of the estimated future cash flows is discounted at the financial asset's original effective commission rate. If an asset has a variable special commission rate, the discount rate for measuring any impairment loss is the current special commission rate.

When a financial asset is uncollectible, it is written off either directly by a charge to consolidated income statement or against the related provision for impairment account. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted, and the amount of the loss has been determined. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The amount of the reversal is recognised in the consolidated income statement in provision for credit losses.

Once a financial asset has been written down to its estimated recoverable amount, special commission income is thereafter recognized based on the original effective commission rate that was used to discount the future cash flows for the purpose of measuring the recoverable amount.

Loans whose terms have been renegotiated are no longer considered to be past due but are treated as new loans. Restructuring policies and practices are based on indicators or criteria which, indicate that payment will most likely continue. The loans continue to be subject to an individual or collective impairment assessment, calculated using the loan's original effective yield rate.

In addition to specific provision for credit losses, a provision for collective impairment is made on a portfolio basis for credit losses where there is an objective evidence that unidentified losses exist at the reporting date. This provision is estimated based on various factors including credit ratings allocated to a borrower or group of borrowers, the current economic conditions, the experience the Bank has had in dealing with a borrower or group of borrowers and available historical default information.

i) Impairment of financial assets held at amortized cost

A specific provision for credit losses due to impairment of a loan or any other financial asset held at amortized cost is established if there is objective evidence that the Bank will not be able to collect all amounts due. The amount of the specific provision is the difference between the carrying amount and the estimated recoverable amount. The estimated recoverable amount is the present value of expected cash flows, including amounts estimated to be recoverable from guarantees and collateral, discounted based on the original effective yield rate.

For financial assets at amortised cost, the carrying amount of the asset is adjusted either directly or through the use of an allowance account and the amount of the adjustment is included in the consolidated income statement.

ii) Impairment of available for sale financial assets

In the case of debt instruments classified as available-for-sale, the Bank assesses individually whether there is objective evidence of impairment based on the same criteria as financial assets carried at amortized cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortized cost and the current fair value, less any impairment loss on that investment previously recognized in the consolidated income statement.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to credit event occurring after the impairment loss was recognized in the income statement, the impairment loss is reversed through the consolidated income statement.

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

For equity investments held as available-for-sale, a significant or prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through the consolidated income statement as long as the asset continues to be recognized i.e. any increase in fair value after impairment has been recorded can only be recognized in equity. On derecognition, any cumulative gain or loss previously recognized in equity is included in the consolidated income statement for the year.

l) Other real estate
The Bank, in the ordinary course of business, acquires certain real estate against settlement of due loans and advances. Such real estate are considered as assets held for sale and are initially stated at the lower of net realisable value of due loans and advances and the current fair value of the related properties, less any costs to sell (if material).

Subsequent to initial recognition, any subsequent write down to fair value, less costs to sell, are charged to the consolidated income statement. Any subsequent gain in the fair value less costs to sell of these assets to the extent this does not exceed the cumulative write down is recognised as income together with any gain/ loss on disposal.

m) Property and equipment
Property and equipment are stated at cost and presented net of accumulated depreciation and amortization. Freehold land is not depreciated.

The cost of property and equipment is depreciated and amortized on a straight-line method over the estimated useful lives of the assets as follows:

Buildings	33 years
Leasehold improvements	over lease period or 10 years, whichever is shorter
Furniture, equipment and vehicles	3 to 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each consolidated statement of financial position date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in the consolidated income statement.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

n) Liabilities
All money market deposits, customers' deposits, term loans and subordinated debts issued are initially recognized at cost, being the fair value of the consideration received less transaction costs.

Subsequently all special commission-bearing financial liabilities, other than those where fair values have been hedged, are measured at amortized cost. Amortized cost is calculated by taking into account any discount or premium. Premiums are amortized and discounts accreted on an effective yield basis to maturity and taken to special commission expense.

Financial liabilities in an effective fair value hedge relationship are adjusted for fair value changes to the extent of the risk being hedged. The resultant gain or loss is recognized in the consolidated income statement. For financial liabilities carried at amortized cost, any gain or loss is recognized in the consolidated income statement when derecognized.

o) Provisions
Provisions other than impairment or credit loss provisions are recognized when a reliable estimate can be made by the Bank for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

p) Accounting for leases

i) Where the Bank is the lessee
Leases entered into by the Bank are all operating leases. Payments made under operating leases are charged to the consolidated income statement on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

ii) Where the Bank is the lessor
When assets are sold under a finance lease, including assets under Shariah compliant lease, the present value of the lease payments is recognized as a receivable and disclosed under "loans and advances". The difference between the gross receivable and the present value of the receivable is recognized as unearned finance income. Lease income is recognized over the term of the lease using the net investment method, which reflects a constant periodic rate of return.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

3. Summary of significant accounting policies (continued)

q) Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, "cash and cash equivalents" are defined as those amounts included in cash, balances with SAMA excluding statutory deposit, and due from banks and other financial institutions maturing within 90 days from the acquisition date.

r) Financial guarantees

In the ordinary course of business, the Bank gives financial guarantees, consisting of letters of credit, guarantees and acceptances. Financial guarantees are initially recognized in the consolidated financial statements at fair value, in 'Other Liabilities', being the premium received. Subsequent to initial recognition, the Bank's liability under each guarantee is measured at the higher of the amortized premium and the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee.

Any increase in the liability relating to financial guarantees is taken to the consolidated income statement in provision for credit losses'. The premium received is recognized in the consolidated income statement in 'Fees and commission income, net' on a straight line basis over the life of the guarantee.

s) Derecognition of financial instruments

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when the contractual right to the cash flows from the financial asset expires.

In instances where the bank is assessed to have transferred a financial asset, the asset is derecognized if the Bank has transferred substantially all the risks and rewards of ownership. Where the Bank has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Bank has not retained control of the financial asset. The Bank recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability (or a part of a financial liability) is derecognized when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

t) Zakat and income taxes

Zakat and income taxes are the liabilities of Saudi and foreign shareholders, respectively. Zakat is computed on the Saudi shareholders' share of equity or net income using the basis defined under the zakat regulations. Income taxes are computed on the foreign shareholders' share of net income for the year.

Zakat and income taxes are not charged to the Bank's consolidated income statement as they are payable by the shareholders.

u) Shariah compliant based banking products

In addition to conventional banking, the Bank offers its customers certain non-interest based banking products, which are approved by its Shariah Board. All non-interest based banking products are accounted for using IFRS and are in conformity with the accounting policies described in these consolidated financial statements.

v) Prospective changes in accounting policies

Certain new IFRS and amendments and interpretations to existing IFRS, have been published and are mandatory for the Bank's accounting period beginning on or after January 1, 2011. These include:

IFRS 9 Financial instruments

Financial instruments: recognition and measurement' introduces new requirements for classifying and measuring financial assets, liabilities and its related accounting. It has been partially published and is mandatory for compliance for the Bank's accounting year beginning January 1, 2013.

IAS 24 (revised), Related party disclosures'

Issued in November 2009. Standard clarifies and simplifies the definition of a related party IAS 24 (revised) and is mandatory for periods beginning on or after 1 January 2011.

4. Cash and balances with SAMA

	2010	2009
Cash in hand	**1,631,372**	1,324,782
Statutory deposit	**4,139,840**	3,991,454
Money market placements	**6,223,913**	5,137,929
Other balances	**2,270**	3,290
Total	**11,997,395**	10,457,455

In accordance with the Banking Control Law and regulations issued by Saudi Arabian Monetary Agency (SAMA), the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its demand, savings, time and other deposits, calculated at the end of each month.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

5. Due from banks and other financial institutions

	2010	2009
Current accounts	527,332	643,418
Money market placements	853,334	5,439,005
Total	**1,380,666**	6,082,423

6. Investments, net

a) Investment securities are classified as follows:

	Domestic		International		Total	
	2010	2009	**2010**	2009	**2010**	2009
i) Held at fair value through income statement (FVIS)						
Mutual funds and others	-	-	168,541	208,322	168,541	208,322
Fixed rate Securities	-	-	1,118,189	-	1,118,189	-
Held at fair value through income statement	-	-	1,286,730	208,322	1,286,730	208,322
ii) Available for sale						
Fixed rate securities	4,748,878	4,586,420	11,125,238	10,383,944	15,874,116	14,970,364
Floating rate notes	243,894	746,340	575,468	408,507	819,362	1,154,847
Equities	852,710	690,838	64,073	64,092	916,783	754,930
Other	246,420	217,074	194,269	178,719	440,689	395,793
Available for sale	6,091,902	6,240,672	11,959,048	11,035,262	18,050,950	17,275,934
iii) Held to maturity						
Fixed rate securities	-	422,114	-	-	-	422,114
Held to maturity	-	422,114	-	-	-	422,114
iv) Other investments held at amortized cost						
Fixed rate securities	8,580,098	2,420,702	1,592,114	633,778	10,172,212	3,054,480
Floating rate notes	2,956,141	1,460,000	356,250	831,379	3,312,391	2,291,379
Other	-	-	37,500	37,500	37,500	37,500
Held at amortized cost, gross	11,536,239	3,880,702	1,985,864	1,502,657	13,522,103	5,383,359
Allowance for impairment	-	-	(18,750)	(28,822)	(18,750)	(28,822)
Held at amortized cost, net	11,536,239	3,880,702	1,967,114	1,473,835	13,503,353	5,354,537
Total investments, net	17,628,141	10,543,488	15,212,892	12,717,419	32,841,033	23,260,907

b) The analysis of the composition of investments is as follows:

	2010			2009		
	Quoted	**Unquoted**	**Total**	Quoted	Unquoted	Total
Fixed rate securities	14,005,541	13,158,976	27,164,517	10,629,020	7,817,938	18,446,958
Floating rate notes	3,430,344	701,409	4,131,753	1,798,011	1,648,215	3,446,226
Equities	851,628	65,068	916,696	689,838	65,092	754,930
Other	319,366	327,451	646,817	311,871	329,744	641,615
Allowance for impairment	-	(18,750)	(18,750)	-	(28,822)	(28,822)
Investments, net	18,606,879	14,234,154	32,841,033	13,428,740	9,832,167	23,260,907

Unquoted fixed rate securities and floating rate notes are mainly Saudi Government Bonds.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

6. Investments, net (continued)

c) The analysis of unrecognized gains and losses and fair values of other investments held at amortized cost, and held-to-maturity investments are as follows:

	2010				2009			
	Carrying value	**Gross unrecognized gains**	**Gross unrecognized losses**	**Fair value**	Carrying value	Gross unrecognized gains	Gross unrecognized losses	Fair value
i) Held to maturity								
Fixed rate securities	**-**	**-**	**-**	**-**	422,114	13,941	-	436,055
Total	**-**	**-**	**-**	**-**	422,114	13,941	-	436,055
ii) Other investments held at amortized cost								
Fixed rate securities	**10,172,212**	**91,399**	**129,394**	**10,134,217**	3,054,480	17,872	9,822	3,062,530
Floating rate notes	**3,312,391**	**67,242**	**58,787**	**3,320,846**	2,291,379	171	93,845	2,197,705
Other	**37,500**	**-**	**18,750**	**18,750**	37,500	-	18,750	18,750
Allowance for impairment	**(18,750)**	**-**	**-**	**(18,750)**	(28,822)	-	-	(28,822)
Total	**13,503,353**	**158,641**	**206,931**	**13,455,063**	5,354,537	18,043	122,417	5,250,163

d) The analysis of investments by counter-party is as follows:

	2010	2009
Government and quasi government	**28,286,900**	19,272,549
Corporate	**869,517**	1,068,843
Banks and other financial institutions	**3,337,139**	2,607,644
Other	**347,477**	311,871
Total	**32,841,033**	23,260,907

Investments include SAR 15,624 million (2009: SAR 9,459 million), which have been pledged under repurchase agreements with other banks and customers. The market value of such investments is SAR 15,575 million (2009: SAR 9,471 million).

e) Movement in the allowance for impairment of investments

	2010	2009
Balance at beginning of the year	**28,822**	336,563
Provided during the year	**68,533**	28,822
Written – off during the year	**(78,605)**	(336,563)
Balance at end of the year	**18,750**	28,822

7. Loans and advances, net

a) Loans and advances (all held at amortized cost) comprise the following:

2010	**Credit cards**	**Consumer loans**	**Commercial loans and overdrafts**	**Total**
Performing loans and advances, gross	**682,343**	**17,768,342**	**47,917,330**	**66,368,015**
Non-performing loans and advances, net	**9,913**	**25,103**	**1,994,409**	**2,029,425**
Total loans and advances	**692,256**	**17,793,445**	**49,911,739**	**68,397,440**
Provision for credit losses, net	**(6,370)**	**(104,726)**	**(2,083,393)**	**(2,194,489)**
Loans and advances, net	**685,886**	**17,688,719**	**47,828,346**	**66,202,951**

2009				
Performing loans and advances, gross	927,449	16,926,843	48,492,847	66,347,139
Non-performing loans and advances, net	17,371	25,474	1,878,469	1,921,314
Total loans and advances	944,820	16,952,317	50,371,316	68,268,453
Provision for credit losses, net	(13,089)	(149,531)	(1,294,800)	(1,457,420)
Loans and advances, net	931,731	16,802,786	49,076,516	66,811,033

Loan and advances, net include Shariah compliant based banking products in respect of Murabaha, Tawarruq agreements and Ijarah, which are stated at amortized cost, of SAR 33.9 billion (2009: SAR 31.9 billion).

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

b) Movements in provision for credit losses are as follows:

2010	**Credit cards**	**Consumer loans**	**Commercial loans and overdrafts**	**Total**
Balance at beginning of the year	**13,089**	**149,531**	**1,294,800**	**1,457,420**
Provided during the year	**15,082**	**120,498**	**947,432**	**1,083,012**
Recovery of amounts previously provided	**-**	**(94,599)**	**(24,006)**	**(118,605)**
Bad debts written off	**(21,801)**	**(70,704)**	**(134,833)**	**(227,338)**
Balance at end of the year	**6,370**	**104,726**	**2,083,393**	**2,194,489**
2009				
Balance at beginning of the year	13,691	257,095	761,881	1,032,667
Provided during the year	28,789	60,480	561,685	650,954
Recovery of amounts previously provided	-	(110,271)	(14,100)	(124,371)
Bad debts written off	(29,391)	(57,773)	(14,666)	(101,830)
Balance at end of the year	13,089	149,531	1,294,800	1,457,420

c) The Bank in the ordinary course of lending activities holds collaterals as security to mitigate credit risk in the loans and advances. These collaterals mostly include time, demand and other cash deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are held mainly against commercial and consumer loans and are managed against relevant exposures at their net realizable values.

d) Economic sector risk concentrations for the loans and advances and provision for credit losses are as follows:

2010	**Performing gross**	**Non performing, net**	**Credit loss provision**	**Loans and advances net**
1. Government and quasi government	**16,337**	**-**	**-**	**16,337**
2. Banks and other financial institutions	**1,549,232**	**498,873**	**(498,873)**	**1,549,232**
3. Agriculture and fishing	**776,056**	**-**	**-**	**776,056**
4. Manufacturing	**8,816,081**	**775,649**	**(470,469)**	**9,121,261**
5. Mining and quarrying	**1,192,652**	**-**	**-**	**1,192,652**
6. Electricity, water, gas and health services	**1,362,887**	**-**	**-**	**1,362,887**
7. Building and construction	**2,863,475**	**1,152**	**(35,085)**	**2,829,542**
8. Commerce	**9,933,267**	**24,438**	**(21,242)**	**9,936,463**
9. Transportation and communication	**5,768,775**	**-**	**(62,918)**	**5,705,857**
10. Services	**1,116,104**	**396,570**	**(393,723)**	**1,118,951**
11. Consumer loans and credit cards	**18,450,685**	**35,017**	**(77,263)**	**18,408,439**
12. Other	**14,522,464**	**297,726**	**(335,986)**	**14,484,204**
	66,368,015	**2,029,425**	**(1,895,559)**	**66,501,881**
13. Allowance for collective impairment	**-**	**-**	**(298,930)**	**(298,930)**
Total	**66,368,015**	**2,029,425**	**(2,194,489)**	**66,202,951**
2009				
1. Government and quasi government	26,786	-	-	26,786
2. Banks and other financial institutions	1,634,818	498,984	(241,332)	1,892,470
3. Agriculture and fishing	318,341	4,748	(4,737)	318,352
4. Manufacturing	11,161,312	659,729	(466,076)	11,354,965
5. Mining and quarrying	841,880	-	-	841,880
6. Electricity, water, gas and health services	1,077,047	-	-	1,077,047
7. Building and construction	3,163,675	12,963	(64,978)	3,111,660
8. Commerce	10,152,280	48,183	(53,970)	10,146,493
9. Transportation and communication	5,882,245	343	(27,822)	5,854,766
10. Services	1,010,690	375,182	(188,216)	1,197,656
11. Consumer loans and credit cards	17,854,292	42,845	(34,188)	17,862,949
12. Other	13,223,773	278,337	(28,311)	13,473,799
	66,347,139	1,921,314	(1,109,630)	67,158,823
13. Allowance for collective impairment	-	-	(347,790)	(347,790)
Total	66,347,139	1,921,314	(1,457,420)	66,811,033

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

8. Investment in an associate

	2010	2009
Balance at beginning of the year	**314,649**	193,048
Cost of investment during the year	**-**	120,000
Share in earnings	**12,600**	1,601
Total	**327,249**	314,649

The Bank participated in the setting up of the Saudi Home Loans Company (the associate). The Bank's share is 40% of the associates's total equity capital of SAR 2 billion. The associate was launched at the end of the fourth quarter of 2007 and is accounted for under the equity method. The amount of SAR 320 million (2009: SAR 320 million) represents 40% of the issued share capital of the associate.

9. Property and equipment, net

	Land and buildings	Leasehold improvements	Equipment, furniture and vehicles	Total 2010	Total 2009
Cost					
Balance at beginning of the year	**881,101**	**495,463**	**990,611**	**2,367,175**	1,875,068
Additions	**113,372**	**25,452**	**97,536**	**236,360**	505,792
Disposals	**(10,370)**	**-**	**(14,538)**	**(24,908)**	(13,685)
Balance at end of the year	**984,103**	**520,915**	**1,073,609**	**2,578,627**	2,367,175
Accumulated depreciation					
Balance at beginning of the year	**163,837**	**288,699**	**674,958**	**1,127,494**	940,217
Charge for the year	**31,356**	**52,836**	**120,664**	**204,856**	192,571
Disposals	**-**	**-**	**(14,475)**	**(14,475)**	(5,294)
Balance at end of the year	**195,193**	**341,535**	**781,147**	**1,317,875**	1,127,494
Net book value					
As at December 31, 2010	**788,910**	**179,380**	**292,462**	**1,260,752**	
As at December 31, 2009	717,264	206,764	315,653		1,239,681

10. Other assets

		2010	2009
Accrued special commission receivable	- banks and other financial institutions	**92**	998
	- investments	**110,298**	172,467
	- loans and advances	**345,061**	376,108
	- derivatives	**52,802**	64,417
Total accrued special commission receivable		**508,253**	613,990
Positive fair value of derivatives (note 11 d)		**360,661**	393,835
Prepaid expenses		**311,961**	396,186
Leased equipments		**191,686**	150,033
Other		**551,895**	476,136
Total		**1,924,456**	2,030,180

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

11. Derivatives
In the ordinary course of business, the Bank utilizes the following derivative financial instruments for both trading and hedging purposes:

a) Swaps
Swaps are commitments to exchange one set of cash flows for another. For commission rate swaps, counterparties generally exchange fixed and floating rate commission payments in a single currency without exchanging principal. For currency swaps, fixed commission payments and principal are exchanged in different currencies. For cross-currency commission rate swaps, principal, fixed and floating commission payments are exchanged in different currencies.

b) Forwards and futures
Forwards and futures are contractual agreements to either buy or sell a specified currency, commodity or financial instrument at a specified price and date in the future. Forwards are customized contracts transacted in the over-the-counter market. Foreign currency and commission rate futures are transacted in standardized amounts on regulated exchanges and changes in futures contract values are settled daily.

c) Forward rate agreements
Forward rate agreements are individually negotiated commission rate contracts that call for a cash settlement for the difference between a contracted commission rate and the market rate on a specified future date, on a notional principal for an agreed period of time.

d) Options
Options are contractual agreements under which the seller (writer) grants the purchaser (holder) the right, but not the obligation, to either buy or sell at fixed future date or at any time during a specified period, a specified amount of a currency, commodity or financial instrument at a pre-determined price.

Held for trading purposes
Most of the Bank's derivative trading activities relate to sales, positioning and arbitrage. Sales activities involve offering products to customers and banks in order, inter alia, to enable them to transfer, modify or reduce current and future risks. Positioning involves managing market risk positions with the expectation of profiting from favorable movements in prices, rates or indices. Arbitrage involves identifying, with the expectation of profiting from price differentials between markets or products.

Held for hedging purposes
The Bank has adopted a comprehensive system for the measurement and management of risk. Part of the risk management process involves managing the Bank's exposure to fluctuations in foreign exchange and commission rates to reduce its exposure to currency and commission rate risks to acceptable levels as determined by the Board of Directors within the guidelines issued by SAMA.

The Board of Directors has established levels of currency risk by setting limits on counterparty and currency position exposures. Positions are monitored on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits. The Board of Directors has established the level of commission rate risk by setting limits on commission rate gaps for stipulated periods. Asset and liability commission rate gaps are reviewed on a periodic basis and hedging strategies are used to reduce commission rate gap within the established limits.

As part of its asset and liability management, the Bank uses derivatives for hedging purposes in order to adjust its exposure to currency and commission rate risks. This is generally achieved by hedging specific transactions as well as strategic hedging against overall statement of financial position exposures. Strategic hedging, other than portfolio hedges for commission rate risk, do not qualify for special hedge accounting and related derivatives are accounted for as held for trading.

The Bank uses forward foreign exchange contracts and currency swaps to hedge against specifically identified currency risks. In addition, the Bank uses commission rate swaps and commission rate futures to hedge against the commission rate risk arising from specifically identified fixed commission-rate exposures.

The Bank also uses commission rate swaps to hedge against the cash flow risk arising on certain floating rate exposures. In all such cases, the hedging relationship and objective, including details of the hedged items and hedging instrument are formally documented and the transactions are accounted for as fair value or cash flow hedges.

The tables below show the positive and negative fair values of derivative financial instruments, together with the notional amounts, analyzed by the term to maturity and monthly average. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the year-end, 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 market risk.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

11. Derivatives (continued)

				Derivative financial instruments Notional amounts by term to maturity				
2010	**Positive fair value**	**Negative fair value**	**Notional amount total**	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Monthly average**
Held for trading:								
Commission rate swaps	**206,348**	**189,648**	**12,705,460**	**330,744**	**3,745,695**	**8,628,528**	**493**	**13,649,042**
Commission rate futures and options	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**191,230**
Forward foreign exchange contracts	**150,375**	**107,094**	**14,189,189**	**10,320,687**	**3,864,248**	**-**	**4,254**	**14,725,676**
Currency options	**3,938**	**8,611**	**1,023,335**	**365,788**	**657,547**	**-**	**-**	**386,107**
Held as fair value hedges:								
Commission rate swaps	**-**	**162,491**	**4,597,558**	**200,000**	**1,338,125**	**2,684,433**	**375,000**	**3,916,651**
Held as cash flow hedges:								
Commission rate swaps	**-**	**399**	**56,250**	**-**	**-**	**56,250**	**-**	**863,542**
Total	**360,661**	**468,243**	**32,571,792**	**11,217,219**	**9,605,615**	**11,369,211**	**379,747**	**33,732,248**
2009								
Held for trading:								
Commission rate swaps	187,783	169,950	13,579,910	408,064	412,500	12,753,263	6,083	12,664,592
Commission rate futures and options	-	-	-	-	-	-	-	328,125
Forward foreign exchange contracts	195,719	169,473	12,807,732	5,089,135	7,078,415	504,120	136,062	14,025,439
Currency options	5,516	4,521	177,848	112,015	65,833	-	-	338,006
Held as fair value hedges:								
Commission rate swaps	794	140,768	3,017,129	50,000	211,371	2,380,758	375,000	4,076,062
Held as cash flow hedges:								
Commission rate swaps	4,023	171	625,000	200,000	175,000	250,000	-	560,583
Total	393,835	484,883	30,207,619	5,859,214	7,943,119	15,888,141	517,145	31,992,807

The tables below show a summary of hedged items and portfolios, the nature of the risk being hedged, the hedging instrument and its fair value.

Description of hedged items

2010	**Fair value**	**Cost**	**Risk**	**Hedging instrument**	**Positive fair value**	**Negative fair value**
Fixed commission rate investments	**1,169,527**	**1,144,928**	**Fair value**	**Commission rate swap**	**-**	**35,396**
Fixed commission rate loans	**3,579,724**	**3,452,630**	**Fair value**	**Commission rate swap**	**-**	**127,095**
Floating commission rate deposits	**56,228**	**56,250**	**Cash flow**	**Commission rate swap**	**-**	**399**
2009						
Fixed commission rate investments	1,289,518	1,254,796	Fair value	Commission rate swap	794	42,024
Fixed commission rate loans	1,861,077	1,762,333	Fair value	Commission rate swap	-	98,744
Floating commission rate investments	450,152	450,000	Cash flow	Commission rate swap	18	171
Floating commission rate loans	179,005	175,000	Cash flow	Commission rate swap	4,005	-

Notes to the Financial Statements
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Cash flow hedges
The Bank is exposed to variability in future commission cash flows on non-trading assets and liabilities which bear commission at a variable rate. The bank uses commission rate swaps as cash flow hedges of these commission rate risks. Also, as a result of firm commitments in foreign currencies, such as its issued foreign currency debt, the Bank is exposed to foreign exchange and commission rate risks which are hedged with cross currency commission rate swaps. Below is the schedule indicating as at 31 December, the periods when the hedged cash flows are expected to occur and when they are expected to affect profit or loss:

2010	**Within 1 year**	**1-3 years**	**3-5 years**	**Over 5 years**
Cash inflows (assets)	**416**	**1,262**	**-**	**-**
Cash out flows (liabilities)	**(359)**	**(1,658)**	**-**	**-**
Net cash inflow (outflow)	**57**	**(396)**	**-**	**-**
2009				
Cash inflows (assets)	9,974	1,883	-	-
Cash out flows (liabilities)	(5,398)	(2,531)	-	-
Net cash inflow (outflow)	4,576	(648)	-	-

The discontinuation of hedge accounting resulted in reclassification of the associated cumulative gains of SAR 4.5 million from equity to consolidated income statement (2009: SAR 68.3 million), included in the above numbers.

Approximately 30% (2009: 24%) of the positive fair value of the Bank's derivatives are entered into with financial institutions and less than 18% (2009: 31%) of the positive fair value contracts are with any single counter-party at the consolidated statement of financial position date. Derivative activities are mainly carried out under the bank's treasury banking segment.

12. Due to banks and other financial institutions

	2010	2009
Current accounts	**242,289**	149,779
Money market deposits	**11,854,515**	8,564,449
Total	**12,096,804**	8,714,228

13. Customers' deposits

	2010	2009
Demand	**41,959,177**	37,461,339
Saving	**97,258**	106,557
Time	**38,842,104**	42,236,324
Other	**3,300,074**	2,876,020
Total	**84,198,613**	82,680,240

Time deposits include deposits against sale of securities of SAR 3,107 million (2009: SAR 1,715 million) with agreements to repurchase the same at fixed future dates. Other customers' deposits include SAR 2,292 million (2009: SAR 1,738 million) of margins held for irrevocable commitments.

The above include foreign currency deposits as follows:

	2010	2009
Demand	**1,176,500**	1,035,253
Saving	**1,832**	3,105
Time	**11,453,691**	15,269,037
Other	**281,563**	260,993
Total	**12,913,586**	16,568,388

14. Other liabilities

		2010	2009
Accrued special commission payable	- banks and other financial institutions	**382**	497
	- customers' deposits	**34,755**	45,225
	- derivatives	**117,550**	107,950
	- Debt securities in issue	**3,354**	3,280
Total accrued special commission payable		**156,041**	156,952
Negative fair value of derivatives (note 11 d)		**468,243**	484,883
Other		**2,030,880**	2,095,250
Total		**2,655,164**	2,737,085

Notes to the Financial Statements
For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

15. Debt securities in issue
During the year ended December 31, 2006, the Bank issued USD 500 million, 10 year subordinated floating rate notes (the notes) under its USD 850 million Euro Medium Term Note program. The notes carry a special commission rate of Libor plus 83 bps. The notes are non-convertible, unsecured and listed on the London stock exchange. These notes are callable after 5 years from its date of issuance.

During the year ended December 31, 2009, USD 50 million was purchased from the secondary market and retired.

16. Share capital
The authorized, issued and fully paid share capital of the Bank as at December 31, 2010 consists of 650 million shares of SAR 10 each (2009: 650 million shares of SAR 10 each). The ownership of the Bank's share capital is as follows:

	2010	2009
Saudi shareholders	**60%**	60%
Arab Bank PLC – Jordan	**40%**	40%

On December 19, 2010 the Board of Directors approved issuance bonus shares in the ratio of four shares for every thirteen shares held, this is subject to final approval of the general assembly.

At December 31, 2010, the Bank has 650 million shares issued and outstanding.

17. Statutory reserve
In accordance with Saudi Arabian Banking Control Law and the Articles of Association of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid up share capital of the Bank. Accordingly, SAR 480 million has been transferred from the net income for the year ended December 31, 2010 (2009: SAR 610 million). The statutory reserve is not currently available for distribution.

18. Commitments and contingencies
a) Legal proceedings
As at December 31, 2010 and 2009 there were legal proceedings of a routine nature outstanding against the Bank. No material provision has been made as related professional legal advice indicates that it is unlikely that any significant loss will arise.

b) Capital commitments
As at December 31, 2010 the Bank had capital commitments of SAR 178 million (2009: SAR 296 million) in respect of building and equipment purchases.

c) Credit related commitments and contingencies
The primary purpose of these instruments is to ensure that funds are available to customers as required.

Guarantee and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as loans and advances.

Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

Documentary letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are generally collateralized by the underlying shipments of goods to which they relate, and therefore have significantly less risk.

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be presented before being reimbursed by the customers.

Commitments to extend credit represent the unused portion of authorizations to extend credit, principally in the form of loans and advances, guarantees and letters of credit. With respect to credit risk on commitments to extend credit, the Bank is potentially exposed to a loss in an amount equal to the total unused commitments. However, the likely amount of loss, which cannot readily be quantified, is expected to be considerably less than the total unused commitment as most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

i) The contractual maturity structure of the Bank's commitments and contingencies is as follows:

2010	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Total**
Letters of credit	**2,821,263**	**1,630,806**	**582,052**	**-**	**5,034,121**
Letters of guarantee	**5,821,626**	**6,901,217**	**4,199,851**	**73,856**	**16,996,550**
Acceptances	**930,549**	**459,616**	**23,634**	**-**	**1,413,799**
Irrevocable commitments to extend credit	**-**	**1,427,175**	**1,580,241**	**19,565**	**3,026,981**
Other	**-**	**-**	**-**	**275,085**	**275,085**
Total	**9,573,438**	**10,418,814**	**6,385,778**	**368,506**	**26,746,536**

2009					
Letters of credit	2,580,067	1,792,128	251,378	-	4,623,573
Letters of guarantee	3,663,361	5,258,790	6,097,782	4,540	15,024,473
Acceptances	846,356	367,382	18,160	-	1,231,898
Irrevocable commitments to extend credit	42,993	47,279	2,078,739	19,565	2,188,576
Other	-	-	-	282,585	282,585
Total	7,132,777	7,465,579	8,446,059	306,690	23,351,105

The unutilized portion of non-firm commitments as at December 31, 2010, which can be revoked unilaterally at any time by the Bank, amounts to SAR 8,697 million (2009: SAR 9,396 million).

ii) The analysis of commitments and contingencies by counter-party is as follows:

	2010	2009
Government and quasi government	**1,435,040**	837,500
Corporate	**20,444,633**	17,326,944
Banks and other financial institutions	**4,121,737**	4,355,053
Other	**745,126**	831,608
Total	**26,746,536**	23,351,105

d) Assets pledged

Securities pledged under repurchase agreements with other banks include government and non government banks. Assets pledged as collateral with other financial institutions for security are as follows:

	2010		2009	
	Assets	**Related liabilities**	Assets	Related liabilities
Held to maturity investments (note 6)	**-**	**-**	422,114	406,000
Other investments held at amortized cost (note 6)	**5,037,258**	**3,107,750**	595,927	75,500
Available for sale investments (note 6)	**10,586,323**	**10,313,188**	8,441,230	5,735,956
Total	**15,623,581**	**13,420,938**	9,459,271	6,217,456

e) Operating lease commitments

The future minimum lease payments under non-cancelable operating leases where the Bank is the lessee are as follows:

	2010	2009
Less than 1 year	**86,158**	87,280
1 to 5 years	**239,324**	242,170
Over 5 years	**115,051**	125,741
Total	**440,533**	455,191

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

19. Net special commission income

	2010	2009
Special commission income		
Investments:		
Available for sale	**237,312**	326,852
Held to maturity	**16,522**	38,449
Other investments held at amortized cost	**193,905**	301,112
	447,739	666,413
Due from banks and other financial institutions	**13,785**	23,494
Loans and advances	**2,992,819**	3,544,580
Total	**3,454,343**	4,234,487
Special commission expense		
Due to banks and other financial institutions	**14,663**	30,626
Customers' deposits	**259,111**	710,358
Debt securities in issue	**23,016**	37,220
Total	**296,790**	778,204
Net special commission income	**3,157,553**	3,456,283

20. Fees from banking services, net

	2010	2009
Fee income:		
Share trading and fund management	**78,085**	122,308
Trade finance	**147,353**	124,927
Other banking services	**616,274**	595,392
Total fee income	**841,712**	842,627
Fee expense:		
Credit cards	**57,910**	63,986
Custody and brokerage fees	**3,949**	5,784
Other banking services	**235,099**	209,855
Total fee expense	**296,958**	279,625
Fees from banking services, net	**544,754**	563,002

21. Gain (loss) from FVIS financial instruments, net

	2010	2009
Fair value change of financial assets held as FVIS investments	**5,932**	(13,285)

22. Trading income, net

	2010	2009
Fixed rate securities	**71,180**	-
Derivatives	**12,384**	10,656
Trading income, net	**83,564**	10,656

23. Dividend income

	2010	2009
Available for sale investments	**33,934**	12,685

24. Gains and impairment on non-trading investments, net

	2010	2009
Realized gains on available for sale investments	**305,520**	74,510
Realized gains (losses) on other investments held at amortized cost	**2,753**	(190)
Impairment loss on other investments held at amortized cost	**(45,380)**	(28,822)
Impairment loss on available for sale investments	**(23,153)**	-
Total	**239,740**	45,498

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25. Other operating income

	2010	2009
Gains on disposal of property and equipment	**2,501**	5,997
Recoveries of loans and advances previously written off	**71,567**	77,036
Gain from early retirement of debt securities	**-**	55,988
Gains on disposal of other real estate	**667**	-
Other	**40,989**	19,850
Total	**115,724**	158,871

26. Basic and Diluted Earnings per Share
Basic earnings per share is calculated by dividing the net income attributable to equity holders of the Bank by the weighted average number of ordinary shares in issue during the year.

The diluted earnings per share is the same as the basic earnings per share figure.

27. Proposed gross dividend, Zakat and Income Tax
Gross dividend is comprised of the following :

	2010	2009
Proposed dividends	**650,000**	650,000
Zakat (including prior year difference)	**341,090**	61,454
Total	**991,090**	711,454

On December 19, 2010 the Board of Directors' approved paying cash dividends of SAR 650 million. This is subject to final approval of the general assembly. The dividends are paid to the Saudi and non-Saudi shareholders after deduction of Zakat and income tax respectively as follows:

Zakat
Zakat attributable to Saudi Shareholders for the year amounted to approximately SAR 204.7 million (2009: SAR 36.9 million).

Income Tax
Income tax payable by the non Saudi Shareholders on the current year's share of income is SAR 156.7 million (2009: SAR 173.4 million).

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

	2010	2009
Cash and balances with SAMA excluding statutory deposit (note 4)	**7,857,555**	6,466,001
Due from banks and other financial institutions maturing within ninety days from the acquisition date	**1,305,209**	4,353,048
Total	**9,162,764**	10,819,049

29. Compensation practices
In compliance with the rules set out by SAMA, which are consistent with the principles and standards of Financial Stability Board (FSB), the Bank has implemented a "Risk-Based Compensation Policy". The policy is approved by the Bank's Board of Directors (The Board) and gives highest consideration to the alignment of compensation with risk and provides a competitive and balanced package of fixed and variable compensation. The policy ensures that compensation takes into account the likelihood and timelines of earnings and its impact on Bank's capital. It also focuses on promoting effective risk management, achieving financial stability and dealing with risks posed by its compensation practices. The Bank takes into account all types of existing and potential material risks and ensures a balance between general industry practices and bank-specific factors such as business model, financial condition, operating performance, market perception, business prospects, appropriate managerial judgment etc.

The Board of Directors, while determining and approving the bonus pool for the Bank, considers performance in absolute and relative terms, consistency of earnings, long term performance, historical bonus pool, market conditions, and the like. Similarly, while allocating the Bank-wide pool to business units, due consideration is given to the type of business transacted, level of risk assumed, relative importance of earnings, distinctive business drivers, historical bonus pool, current performance and the business unit's consistency of performance.

The Board has ultimate responsibility for promoting effective governance and sound compensation practices. In order to assist in overseeing the Compensation system's design and its operation, the Board has appointed a Nomination & Compensation Committee. The Nomination & Compensation Committee comprises of three non-executives members of the Board and chaired by an independent member of the Board. The Committee has full authority on behalf of the Board to review and where considered appropriate propose changes to the Bank's compensation policy and practices and recommend the same to the Board, for its approval, to ensure adequacy and effectiveness of the policy in meeting its intended objectives. The Committee also reviews the level and composition of remuneration of key executives of the Bank, and recommend risk-adjusted bonus pool to the Board, for approval.

The governance process ensures that the Compensation Policy is consistently applied within the Bank and operates as intended. The Bank has established an oversight mechanism to regularly evaluate the design characteristics of compensation practices and their implementation.

Notes to the Financial Statements

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29. Compensation practices (continued)

S.No.	Number of employees	Fixed compensation	Variable compensation	Total	Forms of Payment Fixed	Forms of Payment Variable
1. Senior Executives requiring SAMA no objections	14	26,257	19,368	45,625	Cash	Cash
2. Employees engaged in risk taking activities	191	76,043	23,358	99,401	Cash	Cash
3. Employees engaged in control Functions	267	60,176	4,827	65,003	Cash	Cash
4. Other employees	3,915	524,479	45,504	569,983	Cash	Cash
5. Outsourced employees engaged in risk taking activities	-	-	-	-	-	-
Total	**4,387**	**686,955**	**93,057**	**780,012**		

30. Operating segments

The Bank has adopted IFRS 8 Operating Segments with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision maker in order to allocate resources to the segments and to assess its performance. For management purpose the Group is organized into the following major operating segments:

Retail banking
Deposit, credit and investment products for individuals.

Corporate banking
Loans and advances, 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.
Transactions between the operating segments are reported as recorded in the Group's transfer pricing system. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance. The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch. However, the total assets, liabilities, commitments and results of operations of this branch are not material to the Group's overall consolidated financial statements.

a) The Group's total assets and liabilities as at December 31, 2010 and 2009, its total operating income, expenses and net income for the years then ended, by operating segments, are as follows:

2010	Retail banking	Corporate banking	Treasury banking	Investment & brokerage services	Other	Total
Total assets	**25,070,493**	**45,635,351**	**42,424,352**	**33,678**	**2,870,891**	**116,034,765**
Total liabilities	**41,101,822**	**45,014,061**	**14,123,932**	**37,049**	**361,217**	**100,638,081**
Total operating income	**2,170,357**	**1,252,973**	**537,699**	**95,078**	**447,674**	**4,503,781**
Total operating expenses	**1,290,148**	**1,148,724**	**76,866**	**79,243**	**13,898**	**2,608,879**
Share in earning of an associate	**-**	**-**	**-**	**-**	**12,600**	**12,600**
Loss attributed to non-controlling interest	**-**	**-**	**-**	**-**	**3,587**	**3,587**
Net income for the year	**880,209**	**104,249**	**460,833**	**15,835**	**449,963**	**1,911,089**
Provision for credit losses, net	**54,918**	**907,324**	**-**	**-**	**2,165**	**964,407**
Investment in an associate	**-**	**-**	**-**	**-**	**327,249**	**327,249**
Depreciation and amortization	**185,561**	**4,038**	**2,347**	**11,041**	**1,869**	**204,856**
Impairment of financial assets	**-**	**3,275**	**42,105**	**-**	**23,153**	**68,533**

2009	Retail banking	Corporate banking	Treasury banking	Investment & brokerage services	Other	Total
Total assets	24,714,915	45,724,514	37,530,285	42,580	2,285,026	110,297,320
Total liabilities	41,290,887	42,868,253	10,819,549	22,836	817,528	95,819,053
Total operating income	2,120,827	1,235,271	606,475	122,552	408,334	4,493,459
Total operating expenses	1,189,019	766,334	75,534	88,128	9,033	2,128,048
Share in earning of an associate	-	-	-	-	1,601	1,601
Loss attributed to Non-controlling interest	-	-	-	-	3,000	3,000
Net income for the year	931,808	468,937	530,941	34,424	403,902	2,370,012
Provision for credit losses, net	(27,260)	548,692	-	-	5,151	526,583
Investment in an associate	-	-	-	-	314,649	314,649
Depreciation and amortization	172,499	3,468	1,932	14,136	536	192,571
Impairment of financial assets	-	10,072	18,750	-	-	28,822

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b) The Bank's credit exposure by operating segments is as follows:

2010	**Retail banking**	**Corporate banking**	**Treasury banking**	**Investment & brokerage services**	**Other**	**Total**
Consolidated statement of financial position assets	**22,481,944**	**45,172,579**	**41,956,389**	**15,223**	**1,473,897**	**111,100,032**
Commitment and contingencies	**2,219,511**	**10,212,879**	**-**	**137,542**	**-**	**12,569,932**
Derivatives	**-**	**70,783**	**776,039**	**-**	**-**	**846,822**
2009						
Consolidated statement of financial position assets	22,408,119	45,341,540	36,880,074	25,307	1,185,808	105,840,848
Commitment and contingencies	2,275,235	8,487,901	-	141,291	-	10,904,427
Derivatives	-	18,324	664,440	-	-	682,764

Credit exposure comprises the carrying value of consolidated statement of financial position assets, excluding cash, property and equipment, other real estate, and other assets. The credit equivalent value of commitments, contingencies and derivatives are included in credit exposure (note 32a).

31. Credit risk

The Bank manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arise principally in lending activities that relate to loans and advances, and investment activities. There is also credit risk in off-statement of financial position financial instruments, such as loan commitments.

The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counter-parties, and continually assessing the creditworthiness of counter-parties. The Bank's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. In addition to monitoring credit limits, the Bank manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counter-parties in appropriate circumstances, and limiting the duration of exposure. In certain cases the Bank may also close out transactions or assign them to other counter-parties to mitigate credit risk. The Bank's credit risk for derivatives, represents the potential cost to replace the derivative contracts if counter-parties fail to fulfill their obligation. To control the level of credit risk taken, the bank assesses counter-parties using the same techniques as for its lending activities.

Concentrations of credit risk arise when a number of counter-parties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank seeks to manage its credit risk exposure through diversification of lending activities to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or business. It also takes security when appropriate. The Bank also seeks additional collateral from the counter-party as soon as impairment indicators are noticed for the relevant individual loans and advances.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Bank regularly reviews its risk management policies and systems to reflect changes in markets products and emerging best practices.

The debt securities included in the investment portfolio are mainly sovereign risk. Analysis of investments by counter-party is provided in note 6. Information on credit risk relating to derivative instruments is provided in note 32 a and for commitments and contingencies in note 18. The information on banks maximum credit exposure by operating segment is given in note 30. The information on maximum credit risk exposure and their relative risk weights is also provided in note 37.

The bank classifies its exposure into thirteen risk categories. Of these, ten categories are for performing and three for non performing. Each borrower is rated on an internally developed objective risk rating model that evaluates risk based on financial as well as qualitative factors such as management strength, industry characteristics, account conduct and company type. An independent credit review unit reviews the assigned ratings periodically. Exposure falling below a certain classification thresholds are considered to be impaired, and appropriate specific provisions are made against them by comparing the present value of expected future cash flows for each such exposure with its carrying amount based on the criteria prescribed by IAS 39. Collective impairment is also measured and recognized on a portfolio basis for group of similar credits that are not individually identified as impaired.

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For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

31. Credit risk (continued)

a) Credit risk exposures - on- consolidated statement of financial position assets:

	2010	2009
Loans and advances:		
Consumer loans		
Credit cards	**685,886**	931,731
Term loans	**17,688,719**	16,802,786
Total	**18,374,605**	17,734,517
Corporate loans		
Syndicated loans	**7,957,756**	8,084,531
Overdraft	**3,812,006**	3,620,971
Term loans	**36,050,975**	37,348,175
Other	**7,609**	22,839
Total	**47,828,346**	49,076,516
Investments:		
Fixed-rate securities	**27,164,517**	18,446,958
Floating-rate notes	**4,131,753**	3,446,226
Other	**1,544,763**	1,367,723
Total	**32,841,033**	23,260,907
Other assets	**1,924,456**	2,030,180
Gross Total	**100,968,440**	92,102,120

b) Credit risk exposures - off- consolidated statement of financial position items:

	2010	2009
Loan commitments and other credit related liabilities	**3,026,981**	2,188,576
Financial guarantees	**23,719,555**	21,162,529
Total	**26,746,536**	23,351,105

c) Credit quality of loans and advances

	2010	2009
Description		
Neither past due nor impaired	**64,156,974**	63,453,197
Past due but not impaired	**998,225**	1,318,465
Impaired (any loan with specific provision)	**3,242,241**	3,496,791
Total loans and advances	**68,397,440**	68,268,453
Provision for credit losses, net	**(2,194,489)**	(1,457,420)
Loans and advances, net	**66,202,951**	66,811,033

d) Loans and advances that are neither past due nor impaired

	2010	2009
Grades:		
Low risk (1-4)	**28,435,786**	24,191,877
Acceptable risk (5-8)	**34,117,334**	38,415,481
Watch list (9-10)	**1,603,854**	845,839
Total	**64,156,974**	63,453,197

Grade 1-4: includes corporate and commercial loans having financial conditions, risk factors and ability to repay that are superior to excellent. For retail, it includes loans with salary assignment or real estate collaterals.

Grade 5-8: includes corporate and commercial loans having financial conditions, risk factors and ability to repay that are acceptable to good, in addition to other retail loans not included in the above category.

Grade 9-10: A credit that is currently protected but has potential weaknesses that deserve management's close attention.

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e) Loans and advances past due but not impaired

2010	**Credit cards**	**Consumer loans**	**Commercial loans and overdrafts**	**Total**
Past due up to 30 days	**28,012**	**534,315**	**237,317**	**799,644**
Past due 30 - 60 days	**-**	**-**	**66,465**	**66,465**
Past due 60-90 days	**-**	**-**	**86,402**	**86,402**
Past due more than 90 days	**-**	**-**	**45,714**	**45,714**
Total	**28,012**	**534,315**	**435,898**	**998,225**

2009				
Past due up to 30 days	53,256	306,855	440,525	800,636
Past due 30 - 60 days	-	-	7,391	7,391
Past due 60-90 days	-	-	457,720	457,720
Past due more than 90 days	-	-	52,718	52,718
Total	53,256	306,855	958,354	1,318,465

f) Impaired loans and advances

	2010	2009
Corporate loans	**3,134,229**	3,385,718
Retail loans	**108,012**	111,073
Total	**3,242,241**	3,496,791

g) Credit quality of financial assets (investments)

The credit quality of investments excluding investment in equities is managed using external credit ratings except Structured Investment Vehicles (SIVs), where internal credit ratings are used. The table below shows the credit quality by class of asset.

	2010	2009
Saudi Government Bonds	**13,158,976**	7,166,967
Investment grade	**18,529,583**	14,806,074
Non Investment grade	**246,256**	99,840
Unrated	**906,218**	1,188,026
Total investment, net	**32,841,033**	23,260,907

The Saudi Government Bonds comprise Saudi Government Development Bonds, Floating Rate Notes and Treasury Bills.
Investment Grade comprises investments having credit rating equivalent to Standard and Poor's rating of AAA to BBB.
The unrated investments comprise mainly mutual funds and investment in equities.

h) Collateral

The bank obtained assets by taking possession of collateral held as security, or calling upon other credit enhancements as follows:

	2010	2009
Nature of collateral held as security	**Carrying value**	Carrying value
Listed securities	**11,288,960**	10,908,492
Properties	**4,970,993**	4,189,170
Others	**2,305,846**	1,779,551
Total	**18,565,799**	16,877,213

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For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

32. Concentration of risks of financial assets with credit risk exposure and financial liabilities

a) Geographical concentration

The bank's main credit exposure by geographical region is as follows:

2010	Saudi Arabia	Other GCC and Middle East	Europe	North America	Latin America	South East Asia	Other Countries	Total
Assets								
Cash and balances with SAMA	11,995,506	-	1,889	-	-	-	-	11,997,395
Due from banks and other financial institutions	-	395,125	637,506	177,494	-	113,177	57,364	1,380,666
Investments, net	18,116,517	1,415,546	1,008,844	12,253,456	-	-	46,670	32,841,033
Investment in an associate	327,249	-	-	-	-	-	-	327,249
Loans and advances, net	65,933,734	58,270	163,912	-	-	-	47,035	66,202,951
Total	96,373,006	1,868,941	1,812,151	12,430,950	-	113,177	151,069	112,749,294
Liabilities								
Due to banks and other financial institutions	1,038,330	1,031,178	9,953,687	37,348	-	3,147	33,114	12,096,804
Customers' deposits	83,739,904	371,462	73,520	500	-	342	12,885	84,198,613
Debt securities in issue	-	840,000	623,250	-	-	224,250	-	1,687,500
Total	84,778,234	2,242,640	10,650,457	37,848	-	227,739	45,999	97,982,917
Commitments and contingencies	17,741,651	2,465,257	2,716,395	649,899	9,183	3,055,038	109,113	26,746,536
Maximum credit exposure (stated at credit equivalent amounts)								
Commitments and contingencies	8,759,418	1,089,884	1,134,527	322,256	6,097	1,227,721	30,029	12,569,932
Derivatives	505,566	17	204,397	136,842	-	-	-	846,822
2009								
Assets								
Cash and balances with SAMA	10,455,055	-	2,400	-	-	-	-	10,457,455
Due from banks and other financial institutions	3,456,168	1,094,323	999,233	66,972	-	341,950	123,777	6,082,423
Investments, net	11,065,493	936,537	685,507	10,526,917	-	-	46,453	23,260,907
Investment in an associate	314,649	-	-	-	-	-	-	314,649
Loans and advances, net	66,483,887	70,208	198,929	-	-	-	58,009	66,811,033
Total	91,775,252	2,101,068	1,886,069	10,593,889	-	341,950	228,239	106,926,467
Liabilities								
Due to banks and other financial institutions	1,499,919	2,217,877	1,210,509	3,783,826	-	1,369	728	8,714,228
Customers' deposits	82,555,213	11,366	88,705	1,375	-	119	23,462	82,680,240
Debt securities in issue	-	840,000	623,250	-	-	224,250	-	1,687,500
Total	84,055,132	3,069,243	1,922,464	3,785,201	-	225,738	24,190	93,081,968
Commitments and contingencies	14,566,054	2,262,255	2,599,356	656,176	3,651	3,128,044	135,569	23,351,105
Maximum credit exposure (stated at credit equivalent amounts)								
Commitments and contingencies	7,153,564	973,979	1,100,267	316,411	1,397	1,328,876	29,933	10,904,427
Derivatives	336,555	878	227,567	117,764	-	-	-	682,764

Credit equivalent amounts reflect the amounts that result from translating the Bank's off-consolidated statement of financial position liabilities into the risk equivalent of loans using credit conversion factors prescribed by SAMA. Credit conversion factor is meant to capture the potential credit risk related to the exercise of the commitment.

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b) The distributions by geographical concentration of non-performing loans and advances and provision for credit losses are as follows:

	Non-performing loans, net		Provision for credit losses	
	2010	2009	**2010**	2009
Saudi Arabia	**2,029,425**	1,921,314	**2,194,489**	1,457,420

33. Market risk

Market Risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as commission rates, foreign exchange rates, and equity prices. The Bank classifies exposures to market risk into either trading or banking-book.

a) Market risk-trading book

The Board has set limits for the acceptable level of risks in managing the trading book. In order to manage the market risk in trading book, the Bank periodically applies a VAR (value at risk) methodology to assess the market risk positions held and also to estimate the potential economic loss based on a set of assumptions and changes in market conditions.

A VAR methodology estimates the potential negative change in market value of a portfolio at a given confidence level and over a specified time horizon. The Bank uses risk models to assess the possible changes in the market value of the trading book based on historical data. VAR models are usually designed to measure the market risk in a normal market environment and therefore the use of VAR has limitations because it is based on historical correlations and volatilities in market prices and assumes that the future movements will follow a statistical distribution.

The VAR that the bank measures is an estimate, using a confidence level of 99% of the potential loss that is not expected to be exceeded if the current market positions were to be held unchanged for one day. The use of 99% confidence level depicts that within a one-day horizon, losses exceeding VAR figure should occur, on average, not more than once every hundred days.

The VAR represents the risk of portfolios at the close of a business day, and it does not account for any losses that may occur beyond the defined confidence interval. The actual trading results however, may differ from the VAR calculations and, in particular, the calculation does not provide a meaningful indication of profits and losses in stressed market conditions.

Although VAR is an important tool for measuring market risk, the assumptions on which the model is based do give rise to some limitations, including the following:

I. A 1-day holding period assumes that it is possible to hedge or dispose of positions within one day horizon. This is considered to be a realistic assumption in most of the cases but may not be the case in situations in which there is severe market liquidity for a prolonged period.

II. A 99 percent confidence level does not reflect losses that may occur beyond this level. Even within the model used there is a one percent probability that losses could exceed the VAR.

III. VAR is calculated on an end-of-day basis and does not reflect exposures that may arise on positions during the trading day.

IV. The VAR measure is dependent upon the Bank's position and the volatility of market prices. The VAR of an unchanged position reduces if the market price volatility declines and vice versa.

The limitations of the VAR methodology are recognized by supplementing VAR limits with other position and sensitivity limit structures, including limits to address potential concentration risks within each trading portfolio.

The Bank's VAR related information for the years ended December 31, 2010 and 2009 is as under. All the figures are in million SAR:

	2010				2009			
	Foreign exchange risk	**Special commission risk**	**Equity price risk**	**Overall risk**	Foreign exchange risk	Special commission risk	Equity price risk	Overall risk
VAR as at December 31	**0.3451**	**6.3656**	**-**	**6.7107**	1.8088	0.0359	-	1.8447
Average VAR	**0.6945**	**1.1782**	**-**	**1.8727**	2.0250	0.2434	-	2.2684

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For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

33. Market risk (continued)

(b) Non-Trading portfolio VAR by risk type

Market risk on non-trading or banking positions mainly arises from the commission rate, foreign currency exposures and equity price changes.

i) Commission rate risk

Commission rate risk arises from the possibility that the changes in commission rates will affect either the fair values or the future cash flows of the financial instruments. The Board has established commission rate gap limits for stipulated periods. The bank monitors positions daily and uses hedging strategies to ensure maintenance of positions within the established gap limits.

The following table depicts the sensitivity to a reasonable possible change in commission rates, with other variables held constant, on the Bank's consolidated income statement or equity. The sensitivity of the income is the effect of the assumed changes in commission rates on the special commission income for one year, based on the floating rate non-trading financial assets and financial liabilities held as at December 31, 2010, including the effect of hedging instruments. The sensitivity of equity is calculated by revaluing the fixed rate available for sale financial assets, including the effect of any associated hedges as at December 31, 2010 for the effect of assumed changes in commission rates. The sensitivity of equity is analyzed by maturity of the asset or swap. All the banking book exposures are monitored and analyzed in currency concentrations and relevant sensitivities are disclosed in SAR million.

				2010			
Currency	**Increase in basis points**	**Sensitivity of special commission income**		**Sensitivity of equity**			**Total**
			6 months or less	**1 year or less**	**1-5 years or less**	**Over 5 years**	
SAR	**+100**	**132.378**	**(2.49)**	**(2.95)**	**(35.09)**	**(18.79)**	**(59.32)**
USD	**+100**	**(52.146)**	**0.61**	**-**	**(230.46)**	**(271.71)**	**(501.56)**
Others	**+100**	**(1.401)**	**(0.12)**	**-**	**(3.85)**	**-**	**(3.97)**

				2010			
Currency	**Decrease in basis points**	**Sensitivity of special commission income**		**Sensitivity of equity**			**Total**
			6 months or less	**1 year or less**	**1-5 years or less**	**Over 5 years**	
SAR	**-100**	**(132.378)**	**2.49**	**2.95**	**35.09**	**18.79**	**59.32**
USD	**-100**	**52.146**	**(0.61)**	**-**	**230.46**	**271.71**	**501.56**
Others	**-100**	**1.401**	**0.12**	**-**	**3.85**	**-**	**3.97**

				2009			
Currency	Increase in basis points	Sensitivity of special commission income		Sensitivity of equity			Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years	
SAR	+100	78.865	(1.25)	(1.60)	(65.05)	(19.90)	(87.80)
USD	+100	(65.687)	(0.29)	(0.37)	(289.04)	(186.37)	(476.07)
Others	+100	5.214	(0.24)	-	(5.43)	-	(5.67)

				2009			
Currency	Decrease in basis points	Sensitivity of special commission income		Sensitivity of equity			Total
			6 months or less	1 year or less	1-5 years or less	Over 5 years	
SAR	-100	(78.865)	1.25	1.60	65.05	19.90	87.80
USD	-100	65.687	0.29	0.37	289.04	186.37	476.07
Others	-100	(5.214)	0.24	-	5.43	-	5.67

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Commission sensitivity of assets, liabilities and off consolidated statement of financial position items

The Bank manages exposure to the effects of various risks associated with fluctuations in the prevailing levels of market commission rates on its financial position and cash flows.

The table below summarizes the Group's exposure to commission rate risks. Included in the table are the Group's assets and liabilities at carrying amounts, categorized by the earlier of contractual re-pricing or maturity dates. The Group is exposed to commission rate risk as a result of mismatches or gaps in the amounts of assets and liabilities and off consolidated statement of financial position instruments that mature or re-price in a given period. The Bank manages this risk by matching the re-pricing of assets and liabilities through risk management strategies.

2010	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**Non commission bearing**	**Total**	**Effective commission rate %**
Assets							
Cash and balances with SAMA	**6,223,913**	**-**	**-**	**-**	**5,773,482**	**11,997,395**	
Due from banks and other financial institutions	**852,081**	**-**	**-**	**-**	**528,585**	**1,380,666**	**0.27**
Investments, net	**12,942,588**	**2,391,657**	**11,485,926**	**4,648,907**	**1,371,955**	**32,841,033**	**1.98**
Loans and advances, net	**32,777,965**	**16,921,797**	**14,926,748**	**1,576,441**	**-**	**66,202,951**	**4.63**
Investment in an associate	**-**	**-**	**-**	**-**	**327,249**	**327,249**	
Other real estate	**-**	**-**	**-**	**-**	**100,263**	**100,263**	
Property and equipment, net	**-**	**-**	**-**	**-**	**1,260,752**	**1,260,752**	
Other assets	**-**	**-**	**-**	**-**	**1,924,456**	**1,924,456**	
Total assets	**52,796,547**	**19,313,454**	**26,412,674**	**6,225,348**	**11,286,742**	**116,034,765**	
Liabilities and equity							
Due to banks and other financial institutions	**11,854,515**	**-**	**-**	**-**	**242,289**	**12,096,804**	**0.22**
Customers' deposits	**31,180,656**	**8,844,873**	**66,124**	**-**	**44,106,960**	**84,198,613**	**0.33**
Other liabilities	**-**	**-**	**-**	**-**	**2,655,164**	**2,655,164**	
Debt securities in issue	**1,687,500**	**-**	**-**	**-**	**-**	**1,687,500**	**1.34**
Equity	**-**	**-**	**-**	**-**	**15,396,684**	**15,396,684**	
Total liabilities and equity	**44,722,671**	**8,844,873**	**66,124**	**-**	**62,401,097**	**116,034,765**	
On consolidated statement of financial position gap	**8,073,876**	**10,468,581**	**26,346,550**	**6,225,348**	**(51,114,355)**		
Off consolidated statement of financial position gap	**4,855,077**	**(1,987,822)**	**(2,492,255)**	**(375,000)**	**-**		
Total commission rate sensitivity gap	**12,928,953**	**8,480,759**	**23,854,295**	**5,850,348**	**(51,114,355)**		
Cumulative commission rate sensitivity gap	**12,928,953**	**21,409,712**	**45,264,007**	**51,114,355**	**-**		

2009	Within 3 months	3-12 months	1-5 years	Over 5 years	Non commission bearing	Total	Effective commission rate %
Assets							
Cash and balances with SAMA	5,137,929	-	-	-	5,319,526	10,457,455	
Due from banks and other financial institutions	5,439,004	-	-	-	643,419	6,082,423	1.03
Investments, net	5,173,469	2,539,373	10,403,754	3,581,699	1,562,612	23,260,907	2.77
Loans and advances, net	30,841,661	16,108,480	17,452,650	2,408,242	-	66,811,033	5.16
Investment in an associate	-	-	-	-	314,649	314,649	
Other real estate	-	-	-	-	100,992	100,992	
Property and equipment, net	-	-	-	-	1,239,681	1,239,681	
Other assets	-	-	-	-	2,030,180	2,030,180	
Total assets	46,592,063	18,647,853	27,856,404	5,989,941	11,211,059	110,297,320	
Liabilities and equity							
Due to banks and other financial institutions	7,967,024	597,425	-	-	149,779	8,714,228	0.72
Customers' deposits	36,748,878	7,004,396	46,100	-	38,880,866	82,680,240	0.83
Other liabilities	-	-	-	-	2,737,085	2,737,085	
Debt securities in issue	1,687,500	-	-	-	-	1,687,500	2.07
Equity	-	-	-	-	14,478,267	14,478,267	
Total liabilities and equity	46,403,402	7,601,821	46,100	-	56,245,997	110,297,320	
On consolidated statement of financial position gap	188,661	11,046,032	27,810,304	5,989,941	(45,034,938)		
Off consolidated statement of financial position gap	2,551,280	(65,260)	(2,111,020)	(375,000)	-		
Total commission rate sensitivity gap	2,739,941	10,980,772	25,699,284	5,614,941	(45,034,938)		
Cumulative commission rate sensitivity gap	2,739,941	13,720,713	39,419,997	45,034,938	-		

The off-consolidated statement of financial position gap represents the net notional amounts of derivative financial instruments, which are used to manage the commission rate risk.

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33. Market risk (continued)

(b) Non-Trading portfolio VAR by risk type (continued)

The effective commission rate (effective yield) of a monetary financial instrument is the rate that, when used in a present value calculation, results in the carrying amount of the instrument. The rate is a historical rate for a fixed rate instrument carried at amortized cost and a current market rate for a floating rate instrument or an instrument carried at fair value.

ii) Currency risk

Currency risk represents the risk of change in the value of financial instruments due to changes in foreign exchange rates. The Board has set limits on positions by currencies, which are monitored daily, and hedging strategies are also used to ensure that positions are maintained within the limits.

The table below shows the currencies to which the Bank has a significant exposure as at December 31, 2010 on its non-trading monetary assets and liabilities and forecasted cash flows. The analysis calculates the effect of reasonable possible movement of the currency rate against SAR, with all other variables held constant, on the consolidated income statement (due to the fair value of the currency sensitive non-trading monetary assets and liabilities) and equity (due to change in fair value of currency swaps used as cash flow hedges). A positive effect shows a potential increase in consolidated income statement or equity; whereas a negative effect shows a potential net reduction in consolidated income statement or equity.

Currency risk exposures	**2010**		2009	
		SAR millions		SAR millions
	Changes in currency rate in %	**Effect on net income**	Changes in currency rate in %	Effect on net income
USD	**-5**	**(40.893)**	+5	(0.926)
EUR	**+3**	**(0.724)**	-3	(0.313)

iii) Currency position

The Bank manages exposure to the effects of fluctuations in prevailing foreign currency exchange rates on its financial position and cash flows. The Board of Directors sets limits on the level of exposure by currency and in total for both overnight and intra-day positions, which are monitored daily. At the end of the year, the Bank had the following significant net exposures denominated in foreign currencies:

	Long (short) 2010	Long (short) 2009
US Dollar	**1,793,849**	(1,192,279)
Euro	**(2,556)**	380
Pound Sterling	**14**	154
Other	**97,100**	165,551

iv) Equity price risk

Equity risk refers to the risk of decrease in fair values of equities in the Bank's non-trading investment portfolio as a result of reasonable possible changes in levels of equity indices and the value of individual stocks.

The effect on the Bank's equity investments held as available for sale due to reasonable possible change in equity indices, with all other variables held constant is as follows:

Market indices	**2010**		2009	
	Changes in index %	**Effect in SAR thousands**	Changes in index %	Effect in SAR thousands
Tadawul	**+5**	**38,758**	+5	22,589

Notes to the Financial Statements
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34. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% (2009: 7%) of total demand deposits and 4% (2009: 4%) of saving and time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash, Saudi Government Development Bonds or assets, which can be converted into cash within a period not exceeding 30 days.

The Bank has the ability to raise additional funds through repo facilities with SAMA against Saudi Government Development Bonds up to 75% of the nominal value of bonds held.

i) Analysis of undiscounted financial liabilities by remaining contractual maturities

The table below summarizes the maturity profile of the Bank's financial liabilities at 31 December 2010 and 2009 based on contractual undiscounted repayment obligations. As special commission payments up to contractual maturity are included in the table, totals do not match with the consolidated statement of financial position. The contractual maturities of liabilities have been determined based on the remaining period at the statement of financial position date to the contractual maturity date and do not take into account the effective expected maturities. The Bank expects that many customers will not request repayment on the earliest date the Bank could be required to pay and the table does not affect the expected cash flows indicated by the Bank's deposit retention history.

2010	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity**	**Total**
Financial liabilities						
Due to banks and other financial institutions	**11,885,105**	**-**	**-**	**-**	**242,289**	**12,127,394**
Customers' deposits	**30,919,971**	**9,012,315**	**66,834**	**-**	**44,483,156**	**84,482,276**
Derivative financial instruments						
Contractual amounts payable	**75,690**	**257,860**	**384,306**	**49,330**	**-**	**767,186**
Contractual amounts receivable	**(66,996)**	**(160,744)**	**(329,272)**	**(50,296)**	**-**	**(607,308)**
Debt securities in issue	**12,128**	**14,543**	**76,755**	**1,703,670**	**-**	**1,807,096**
Total financial liabilities	**42,825,898**	**9,123,974**	**198,623**	**1,702,704**	**44,725,445**	**98,576,644**

2009						
Financial liabilities						
Due to banks and other financial institutions	7,968,589	599,256	-	-	149,779	8,717,624
Customers' deposits	36,726,922	7,039,194	45,806	-	39,430,259	83,242,181
Derivative financial instruments						
Contractual amounts payable	76,371	235,096	474,641	65,821	-	851,929
Contractual amounts receivable	(58,389)	(53,908)	(129,203)	-	-	(241,500)
Debt securities in issue	22,908	14,463	76,220	1,910,207	-	2,023,798
Total financial liabilities	44,736,401	7,834,101	467,464	1,976,028	39,580,038	94,594,032

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For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

34. Liquidity risk (continued)

ii) Maturity profile of Bank's assets, liabilities and equity

The table below summarizes the maturity profile of the Bank's assets, liabilities and equity. The contractual maturities of assets, liabilities and equity have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Bank's deposit retention history.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of both the Bank and operating subsidiaries and foreign branch. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

2010	**Within 3 months**	**3-12 months**	**1-5 years**	**Over 5 years**	**No fixed maturity**	**Total**
Assets						
Cash and balances with SAMA	**6,223,913**	**-**	**-**	**-**	**5,773,482**	**11,997,395**
Due from banks and other financial institutions	**852,081**	**-**	**-**	**-**	**528,585**	**1,380,666**
Investments, net	**8,705,550**	**2,542,042**	**13,244,330**	**6,977,157**	**1,371,954**	**32,841,033**
Loans and advances, net	**19,475,654**	**16,719,374**	**21,315,881**	**4,276,814**	**4,415,228**	**66,202,951**
Investment in associate	**-**	**-**	**-**	**-**	**327,249**	**327,249**
Other real estate	**-**	**-**	**-**	**-**	**100,263**	**100,263**
Property and equipment, net	**-**	**-**	**-**	**-**	**1,260,752**	**1,260,752**
Other assets	**-**	**-.**	**-**	**-**	**1,924,456**	**1,924,456**
Total assets	**35,257,198**	**19,261,416**	**34,560,211**	**11,253,971**	**15,701,969**	**116,034,765**
Liabilities and equity						
Due to banks and other financial institutions	**11,854,515**	**-**	**-**	**-**	**242,289**	**12,096,804**
Customer deposits	**30,804,460**	**8,844,873**	**66,124**	**-**	**44,483,156**	**84,198,613**
Other liabilities	**-**	**-**	**-**	**-**	**2,655,164**	**2,655,164**
Debt securities in issue	**-**	**-**	**-**	**1,687,500**	**-**	**1,687,500**
Equity	**-**	**-**	**-**	**-**	**15,396,684**	**15,396,684**
Total liabilities and equity	**42,658,975**	**8,844,873**	**66,124**	**1,687,500**	**62,777,293**	**116,034,765**

2009	Within 3 months	3-12 months	1-5 years	Over 5 years	No fixed maturity	Total
Assets						
Cash and balances with SAMA	5,137,929	-	-	-	5,319,526	10,457,455
Due from banks and other financial institutions	5,439,004	-	-	-	643,419	6,082,423
Investments, net	1,809,502	3,010,196	13,201,276	3,677,320	1,562,613	23,260,907
Loans and advances, net	25,013,650	16,123,787	17,581,172	2,409,809	5,682,615	66,811,033
Investment in associate	-	-	-	-	314,649	314,649
Other real estate	-	-	-	-	100,992	100,992
Property and equipment, net	-	-	-	-	1,239,681	1,239,681
Other assets	-	-	-	-	2,030,180	2,030,180
Total assets	37,400,085	19,133,983	30,782,448	6,087,129	16,893,675	110,297,320
Liabilities and equity						
Due to banks and other financial institutions	7,967,024	597,425	-	-	149,779	8,714,228
Customers' deposits	36,199,485	7,004,396	46,100	-	39,430,259	82,680,240
Other liabilities	-	-	-	-	2,737,085	2,737,085
Debt securities in issue	-	-	-	1,687,500	-	1,687,500
Equity	-	-	-	-	14,478,267	14,478,267
Total liabilities and equity	44,166,509	7,601,821	46,100	1,687,500	56,795,390	110,297,320

35. Fair values of financial assets and liabilities

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices in active markets for the same instrument (i.e., without modification or repacking):

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data: and

Level 3: valuation techniques for which any significant input is not based on observable market data.

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2010	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets designated at FVIS	**1,118,189**	**168,541**	**-**	**1,286,730**
Financial investments available for sale	**13,207,199**	**4,781,029**	**62,722**	**18,050,950**
Derivative financial instruments	**150,375**	**210,286**	**-**	**360,661**
Total	**14,475,763**	**5,159,856**	**62,722**	**19,698,341**
Financial Liabilities				
Derivative financial instruments	**107,094**	**361,149**	**-**	**468,243**
Total	**107,094**	**361,149**	**-**	**468,243**
2009				
Financial assets				
Financial assets designated at FVIS	-	208,322	-	208,322
Financial investments available for sale	12,517,336	4,718,885	39,713	17,275,934
Derivative financial instruments	195,719	198,116	-	393,835
Total	12,713,055	5,125,323	39,713	17,878,091
Financial Liabilities				
Derivative financial instruments	169,473	315,410	-	484,883
Total	169,473	315,410	-	484,883

Fair value is the amount for which an asset could be exchanged or a liability settled between knowledgeable, willing parties in an arm's length transaction. The fair values of on-consolidated statement of financial position financial instruments, except for other investments held at amortized cost, held-to-maturity investments which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements. The fair values of Loans and advances, commission bearing customers' deposits, Debts securities in issue, due from and due to banks which are carried at amortized cost, are not significantly different from the carrying values included in the consolidated financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.

The estimated fair values of held-to-maturity investments and other investments held at amortised cost are based on quoted market prices when available or pricing models when used in the case of certain fixed rate bonds (respectively). The fair values of these investments are disclosed in note 6.
The fair values of derivatives and other off-consolidated statement of financial position financial instruments are based on the quoted market prices when available or by using the appropriate valuation technique. The total amount of the changes in fair value recognized in the consolidated income statement, which was estimated using valuation technique, is SAR 107.2 millions (2009: SAR 94.9 millions).

36. Related party transactions

In the ordinary course of its activities, the Bank transacts business with related parties. In the opinion of the management and the board of directors, the related party transactions are performed on an arm's length basis. The related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA.

a) The balances as at December 31 resulting from such transactions included in the consolidated financial statements are as follows:

	2010	2009
Arab Bank PLC:		
Due from banks and other financial institutions	**315,003**	1,090,451
Due to banks and other financial institutions	**100,795**	795,325
Derivatives (at fair value)	**-**	1
Commitments and contingencies	**1,989,818**	2,106,988
Directors, key management personnel, other major shareholders and their affiliates:		
Loans and advances	**3,038,940**	2,821,358
Customers' deposits	**4,291,786**	7,202,045
Commitments and contingencies	**749,948**	695,713
Bank's mutual funds:		
Investments	**216,807**	286,618
Loans and advances	**9,526**	10,086
Customers' deposits	**609,250**	590,817
Associate:		
Loans and advances	**364,058**	-
Customers' deposits	**21,330**	10,885

Other major shareholders represent shareholdings (excluding the non-Saudi shareholder) of more than 5% of the Bank's issued share capital.

Notes to the Financial Statements

For the years ended December 31, 2010 and 2009 (Saudi Riyals in Thousands)

36. Related party transactions (continued)

b) Income and expenses pertaining to transactions with related parties included in the consolidated financial statements are as follows:

	2010	2009
Special commission income	**242,697**	233,427
Special commission expense	**193,590**	117,122
Fees from banking services	**18,153**	14,397
Directors' remuneration	**3,432**	3,468

c) The total amount of compensation paid to key management personnel during the year is as follows:

	2010	2009
Short-term employee benefits (Salaries and allowances)	**55,678**	55,518
Post-employment benefits (End of service indemnity and social security)	**4,846**	4,116

Key management personnel are those persons, including an executive director, having authority and responsibility for planning, directing and controlling the activities of the Bank, directly or indirectly.

37. Capital Adequacy

The Group's objectives when managing capital are, to comply with the capital requirements set by SAMA; to safeguard the Group's ability to continue as a going concern; and to maintain a strong capital base.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk.

The increase of the regulatory capital in the year is mainly due to the contribution of the current-year profit.

	2010	2009
Credit Risk RWA	**85,792,893**	85,208,599
Operational Risk RWA	**8,275,700**	8,024,488
Market Risk RWA	**2,322,521**	2,029,350
Total Pillar-I RWA	**96,391,114**	95,262,437
Tier I Capital	**14,551,111**	13,638,995
Tier II Capital	**1,790,856**	1,846,018
Total Tier I & II Capital	**16,341,967**	15,485,013
Capital Adequacy Ratio %		
Tier I ratio	**15.10%**	14.32%
Tier I + Tier II ratio	**16.95%**	16.26%

38. Investment management services

The Group offers investment services to its customers, which include management of investment funds with assets totaling SAR 2,654 million (2009: SAR 2,643million).

The financial statements of these funds are not consolidated with these consolidated financial statements. However, the Group's share of these funds is included in available-for-sale investments and fees earned are disclosed under related party transactions. Assets held in trust or in a fiduciary capacity are not treated as assets of the Group and accordingly are not included in the consolidated financial statements.

39. Basel II pillar 3 disclosures

Under Basel II pillar 3, certain quantitative and qualitative 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 audit by the external auditors.

40. Comparative figures

Certain prior year figures have been reclassified to conform with current year presentation.

41. Board of directors' approval

The consolidated financial statements were approved by the Board of Directors on 14 February 2011 (11 Rabi Awal 1432).

Basel II Pillar 3 Qualitative Disclosures

1. General

Under the directives of Saudi Arabian Monetary Agency (SAMA), banks operating in the Kingdom of Saudi Arabia, implemented new Basel framework commonly known as Basel II framework, with effect from 1 January 2008. In this regard, SAMA's aim is to encourage market discipline through disclosures, which will provide the reader more valuable information about the banks' risks and exposures. Based on this, below are the necessary disclosures required under Basel II Accord's Pillar 3 framework.

2. Subsidiaries & significant investments

i) SAMA disclosure requirements apply to Arab National Bank (ANB), as well as to its subsidiaries. A brief description of the bank's subsidiary is as follows:

Arab National Bank Investment Company (ANBI):
A wholly owned (directly and indirectly) Saudi limited liability company, registered in the Kingdom of Saudi Arabia under commercial registration No. 1010239908 issued on 26th Shawal 1428 (corresponding to 7th November 2007). The main activities are to provide 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 3rd Muharram 1429 (corresponding to 12th January 2008). Accordingly, ANB started consolidating the financial statements of the above mentioned subsidiary effective 12th January 2008.

Arabian Heavy Equipment Leasing Company:
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 15th Jumada 1, 1430 (10th May 2009). The company is engaged in leasing of heavy equipments and operating in compliance with Shariah principals. The Bank started consolidating the subsidiary's financial statements effective 10th May 2009, when the subsidiary started its operation.

Apart from this, the Bank has made investments in equity in the following entities, which are more than 10%. As per SAMA Basel-II Stipulations, 50% of the equity investment is deducted each from Tier 1 capital and Tier II capital.

Saudi Home Loan Company (SHL):
SHL is a Saudi limited liability company owned 40% by ANB and the remaining 60% by Dar Al Arkan Real Estate Development Company (DAAR), International Finance Corporation (IFC) and Kingdom Installment Company (KIC).

SHL was established as a specialized Islamic home finance company within the Kingdom of Saudi Arabia. Products and services are fully Shari'ah compliant. The company's authorized capital is SAR 2 billion, out of which a total amount of SAR 800 million (ANB's Share 320 million) was paid by the shareholders as of 31st December 2010.

Ejar Cranes & Equipment LLC (Ejar):
ANB has 16.67% (SAR 75 million) ownership interest in the Company. Ejar is a dedicated crane leasing company, which was founded in Dubai at the end of 2006. The company is a joint venture between a number of regional companies involved in providing plant machinery, and specifically cranes. As of 31st December 2010, ANB's paid capital in Ejar reached SAR 64 million.

ii) Restrictions and impediments on transfer of funds.

There are no restrictions or major impediments on transfer of funds or regulatory capital between the Bank and its fully owned subsidiary, apart from obtaining SAMA approval, when required.

3. Bank's capital structure

The bank's capital comprises of:

Tier 1 capital which is the core measure of a bank's financial strength from a regulator's point of view. It comprises paid up capital, eligible reserves, retained earnings and adjustments to the effect of IAS-Type valuation on securities held for sale and with 50% deduction of significant minority investment at 10% and above.

Tier II capital, comprises subordinated loan capital, qualifying general provisions with 50% deduction of significant minority investment at 10% and above.

During 2006, ANB issued USD 500 million 10 year subordinated floating rate notes under its USD 850 million Euro Medium Term Note program. The notes carry a special commission rate of Libor plus 83 bps. The notes are non-convertible, unsecured and listed on the London stock exchange. These notes are callable after 5 years from issuance. During 2009, USD 50 Million was purchased from the secondary market & retired.

4. Bank's capital adequacy

ANB has established Internal Capital Adequacy Assessment Committee (ICAAC) with the mandate to monitor and ensure that the Bank has adequate capital to support all the risks inherent in its current and future business plans.

ANB's capital adequacy process inter-alia includes identification and assessment of all types of material risks, and ensures that besides having enough capital to cover these risks, adequate policies, processes and internal controls are in place to manage these risks in a timely manner. ANB's capital requirements are driven by its specific risk profile and impact its portfolio composition and financial position. While ANB has adhered to the Pillar-I capital calculation methodologies under the Standardized Approaches, as per the guidelines issued by SAMA, it has developed its own methodologies for assessing and allocating capital for Pillar-II risks. At the same time, various stress-testing scenarios are applied to arrive at the stressed capital ratios, with a view to ensure that ANB remains adequately capitalized under stressed conditions during economic down-turns.

As a prudent measure, ANB intends to operate at a certain percentage over and above the minimum capital adequacy requirements of 8% (as stipulated by SAMA), for Pillar-I and II risks, calculated on both Tier 1 & 2 capital. Target and trigger mechanisms are in place to ensure immediate corrective actions, once trigger point is reached, either through decrease in assets/risk profile and/or increase in capital.

Basel II Pillar 3 Qualitative Disclosures
(continued)

5. Bank's risk management
ANB has an independent Risk Management Group, which reports to the Managing Director. The Group is responsible for overall enhancement of the risk culture within the Bank by encouraging open communication with other business/supporting units and developing techniques in alignment with best practices for risk management as well as in compliance with local regulatory requirements.

Risk Management Group has the following five major Departments:

1. Credit Risk
2. Market Risk
3. Operational Risk
4. Credit Admin & Control (CAC)
5. Business Continuity Management (BCM)

5.1 Credit Risk
Credit Risk Department manages the credit exposures arising principally from lending activities. Such lending activities may include loans, advances as well as exposures arising from off-balance sheet financing instruments such as commitments, guarantees and letters of credit.

5.1.1 Strategies and Processes
Credit Risk policies and procedures are established to provide control on credit risk portfolios through periodic assessment of the credit worthiness of obligors, quantifying maximum permissible exposure to specific obligor and continuous monitoring of individual exposures and portfolios.

The Credit Risk policy of the Bank is designed to ensure clear recognition of credit risk management strategies and objectives, which include:

- Strengthening and enhancing Bank's ability to measure and mitigate credit risks on pre-emptive basis to minimize credit losses.
- Strengthening and enhancing Bank's systems and procedures for early problem recognition.
- Strengthening and enhancing credit portfolio management process.
- Compliance with local regulatory requirement and industry's best practices for credit risk management.

The Bank's Credit Risk policy addresses all functions and activities related to the credit lending process, starting from defining the minimum required information for assessing obligor credit worthiness and ending with clear risk-based approval authority mechanism.

5.1.2 Structure & Organization
An independent Credit Risk Department, part of Risk Management Group, is responsible for Policy formulation and Portfolio management for all type of credit risks undertaken by the bank. Furthermore, Credit Group comprising of Credit Review Department has specialized teams for Corporate/Commercial and Retail business units, and are responsible for conducting independent financial analysis and appraisals of Credit proposals, submitted by the respective business units.

ANB has a centralized credit approval process and follows the philosophy of joint approval authority, which is directly linked to the borrower's Probability of Default (PD) and its facility characteristics measured by Loss Given Default (LGD) estimates. Based on afore-mentioned factors, there are three main layers of approval authorities, and the highest credit authority is vested in the Executive committee, having five Board members, including MD, as its members. The second level of credit approval authority is vested in the Senior Credit Committee, which comprises of MD, Head of Credit Review Division and three or more senior managers of the Bank. The third layer consists of the four levels of approval authorities, which draws its members from the business units and the Credit Review Division.

5.1.3 Risk Measurement & Reporting System
The Bank's loan portfolio can be broadly divided into the following two categories:

A) Corporate and Commercial Loans Portfolio:
Credit Risk tracks trends and identifies weaknesses in the quality of corporate and commercial loans portfolio by employing:

- Obligor & facility risk rating system to assess the quality of obligor and riskiness of facilities.
- Periodic reviews and reporting of aggregate statistics on asset diversification and credit quality for key segments of the portfolio.

Rating system is established with the objective to:

- place the responsibility on business units to regularly evaluate credit risk on exposures and identify problems within their portfolios;
- establish early warning signals for detecting deterioration in credit quality;
- set standard for business units to submit their inputs on problematic exposures;
- provide guidelines to respond and take remedial actions as soon as deterioration in credit quality is detected.

The Bank classifies its exposures into 13 risk categories, of which 10 are for performing obligors and 3 are for non-performing obligors.

Periodic reviews & reporting standards are established to monitor Corporate and Commercial credit portfolio quality and diversification. Regular monthly and quarterly reports are sent to Senior Management/Board's Executive Committee, covering the following:

- Total possible exposure and actual outstanding amount;
- Amount and percentage of exposure outstanding in each risk classification grade;
- Obligors' exposure migration across risk grades from one period to another;
- Overall portfolio risk grade by Region/Business units.

Basel II Pillar 3 Qualitative Disclosures
(continued)

B) Consumer Assets Loans Portfolio:
The major part of Bank's consumer loans and credit card exposures are against salary assignments, and borrowers are employees of selective list of acceptable employers. The consumer loans' portfolio is driven by strict lending criteria in the form of minimum salary requirements, length of service and pre-specified Debt Service Ratio (DSR).

Periodic reviews & reporting mechanism is in place to monitor the Consumer assets loans portfolio quality and diversification, covering the following:

- Consumer Assets loans portfolio growth from one period to another.
- Consumer Assets loans portfolio distribution by employer.
- Consumer Assets loans portfolio distribution by delinquencies (days past due bucket wise).
- Amount of losses charged-off.

5.1.4 Hedging and Mitigants
Although collaterals and securities are always desirable, being an effective means of reducing risk and enhancing credit quality, however Bank's credit risk policy does not encourage granting credit exposures solely based on collaterals. Collaterals are viewed as a secondary source of repayment or way out in the event that the customer is facing difficulty in repaying the granted credit from its cash flows. The Bank's policy is that credit facilities should always be able to stand on their own (successful repayment from operational cash flows) without relying on the collateral as the primary source of repayment.

The Bank's policy is to consider a credit exposure secured, if it is fully supported by tangible collateral/security and in accordance with minimum requirement in terms of coverage ratios as detailed under:

Type of tangible Collateral Security	Minimum collateral required
Cash Margin	100% of the facility limit
Bank Guarantees	100% of the facility limit
Pledged shares: Corporate/Commercial	150% of the facility limit
Pledged shares: Trading customers	200% of the facility limit
Transfer of Title Deeds	200% of the facility limit

All collaterals and securities are evaluated periodically to ensure that the collateral/security market value against credit exposures are in line with the stipulated coverage ratios. ANB has identified a selective list of companies based on strict criteria, whose shares are accepted as collateral. For Real Estate properties offered to the bank as collateral, the security must be appraised by accredited real estate offices appointed by the Bank prior to giving any acceptance/commitment to the borrower.

Bank Guarantees, held as collateral, should meet strict criteria for acceptance, which includes being unconditional & irrevocable, issued by banks, acceptable to ANB.

As a matter of policy all collaterals should be in the same currency as the underlying credit exposure. Exceptions are made on case-by-case basis with appropriate justification and mitigants.

5.2 Market Risk
The primary objective of ANB's market risk management function is to provide a coherent policy and operating framework for a strong Bank-wide management of market risk and liquidity risk.

5.2.1 Strategies and Processes
The Board approves the market risk appetite, in terms of limits, for all types of market risks including foreign currency risk, interest rate risk and equity risk. These limits are either based on notional amount, sensitivity and/or VaR (Value at Risk). The Board has also approved a comprehensive corporate governance frame-work for market risk which includes market risk policy manual that provides guidance to identify, measure and monitor the bank's exposure to market risk.

Liquidity management policy and liquidity limits ensure that liquidity is maintained at sufficient levels to support operations and meet payment demands even under stressed conditions that might arise with a sudden change in the market environment. The bank has also in place a comprehensive stress testing policy and liquidity contingency funding plan.

5.2.2. Structure & Organization
Market Risk Department, which is independent of the business function, monitors all limits and provides periodic market risk reports to ALCO and MRPC members. Market risk and Liquidity risk are overseen by two senior management committees – Asset Liability Committee (ALCO) and Market Risk Policy Committee (MRPC), both headed by MD as the Chairman. ALCO deals with Bank-wide market risk issues as opposed to MRPC, which deals with Treasury specific issues. ALCO meets on a regular basis to discuss the risk exposures vis-à-vis the prevailing market conditions and sets guidelines to manage these risks within the risk appetite set by the Board.

5.2.3. Scope and Nature of Reporting System
Daily Risk Report is provided to Senior Management that covers the trading activity and liquidity ratios. Stress testing for interest rate risk, foreign exchange risk and liquidity risk is conducted on a regular basis and results are presented to ALCO for review. A detailed market risk review is submitted to the Board and Audit Committee on a quarterly basis highlighting major changes in investments portfolio and risk exposures during the quarter.

5.2.4 Hedging and Mitigants
Bank has implemented a dynamic interest rate hedging policy in accordance with the International Accounting Standards. Interest rate derivatives mainly interest rate swaps and futures are used to hedge specific exposures and to keep the interest rate risks within limits. The bank also uses currency swap to hedge specific positions in foreign currencies, when necessary. Effectiveness of all hedges is regularly monitored throughout their term.

Basel II Pillar 3 Qualitative Disclosures
(continued)

5.3 Operational Risk Management
Operational risk is an integral part of ANB's business. ANB defines Operational Risk as the risk of loss resulting from inadequate or failed internal processes, people and systems or external events. Operational risk includes legal and regulatory risk, but excludes strategic and reputational risk.

5.3.1 Strategies & Processes
The operational risk management objectives support ANB's vision through efficient and effective operational processes. Operational risk management aims to:

- Develop a common understanding of Operational Risk across the Bank, so as to assess exposure of businesses to operational risk and take appropriate actions.
- Ensure that there is clear accountability, responsibility and adherence to best practices for management and mitigation of operational risk.
- Help the Business Units to improve internal controls, thereby reducing the probability and potential impact of operational risk losses.
- Minimize losses and customer complaints due to failures of processes.

5.3.2 Structure & Organization
ANB monitors its operational risks through an Operational Risk Management (ORM) framework that defines roles and responsibilities for managing and reporting operational risk.

The governance framework includes Board and Senior Management oversight, risk reporting, escalation and independence of the Operational Risk function. The governance structure has been formed to support the effective management of ORM functions carried out across the Bank. The Bank has established Operational Risk Steering Committee (ORSC) to oversee the activities of Operational Risk. To ensure that highest level of governance is maintained, Internal Audit Division conducts independent assessment and assurance of the activities carried out and reports directly to Audit Committee of the Bank.

5.3.3 Measurement & Reporting System
ANB has established Control and Risk Self Assessment (CRSA) framework to identify the operational risks that arise from business strategy, products & activities, and to evaluate the effectiveness of controls over those risks. These risk are tested and monitored by the business units on a regular basis. The consolidated assessment results are benchmarked with pre-defined risk appetite/acceptable level and appropriate actions initiated to strengthen the control environment. Historical internal loss events and internal audit issues support the completeness and accuracy of the CRSA. An independent review and challenge process also assists in ensuring completeness, accuracy and consistency across the Bank.

The goal of operational risk reporting is mainly to spread awareness of operational risk within the bank. Regular reporting of pertinent information to ORSC/Senior Management supports proactive management of operational risk and helps in identifying problem areas, putting in place corrective action plans and monitoring of outstanding issues.

5.3.4 Hedging & Mitigants
ANB's Loss data management system allows collection and analyzing of loss events (near. miss, actual and potential), identifies new risks or control weaknesses that caused the operational loss, escalating them to appropriate levels of management and to ORSC. The mechanism aims at minimizing any financial consequences of the events and addressing the root causes for refining the control mechanism to reduce re-occurrence of similar losses in future.

5.4 Credit Admin & Control
Credit Admin & Control (CAC) is responsible for ongoing administration of the credit portfolio, which inter-alia includes Limit monitoring, Disbursement authorization, Collateral coverage & monitoring; Compliance with terms of approval, Preparation, maintenance and custody of collateral security documentation, Credit checking and Follow up on credit irregularities.

5.5 Business Continuity Management
The mission of Business Continuity Management (BCM) is to plan for the Bank continuing to function as a viable business entity, during a disaster or serious business disruption, and providing for the orderly restoration of essential business services, at the earliest possible time.

BCM achieves its objective by conducting business impact analysis, working with all essential business and support units within the Head Office to identify the impact of disruptions and to prioritize the critical business processes. BCM has developed recovery plans for all critical business processes, defining the level of recovery and resumption service to be offered during a crisis, which has already been tested. A Crisis Management plan has also been developed to define crisis invocation procedures and the roles/responsibilities of crisis management teams.

6. Bank's credit exposures

6.1 Definition of Past Due
Exposures that are not settled on their due date are classified as "Past Due" and reflected as such on the Bank's books the following day. The appearance of a loan on the past due list on the day after its due date, by itself, does not imply that there is a problematic credit, as the business units often successfully prompt the customers to settle the amounts within a few days.

6.2 Definition of Impaired Assets:
In determining whether a corporate exposure has become impaired, the Bank makes judgments as to whether there is any observable data indicating decrease in the estimated future cash flows. This evidence may include an indication that there has been an adverse change in the payment status of borrowers. Management uses estimates based on historical loss experience for loans with similar credit risk characteristics, when estimating the cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

6.3 Definition of Non Performing Assets:
Exposures are classified as non-performing and are placed on the non-accrual status in the following cases:

- The principal of loan or interest payment remains past due more than 90 days after its due date.
- The balance of an overdraft account remains in-active for more than 180 days.

The non-performing exposures migrate across the non-performing risk grades (Substandard, Doubtful, and Loss) according to their days past due and/or deterioration in credit quality.

Basel II Pillar 3 Qualitative Disclosures (continued)

6.4 Approaches for Specific & General Provisions:
As per Bank's provisioning policy, provisions are estimated depending on risk rating, type of collateral held and expected future recovery.

I. Provisions for Corporate & Commercial portfolio:
The amount of provisions is subject to the following guidelines:

Risk Rating	Grade Name	Provisioning
10	Watch-List	Case by Case basis
11	Substandard	Minimum of 25% of net exposure
12	Doubtful	Minimum of 50% of net exposure
13	Loss	100% of the net exposure

The Specific provisions are made against the impaired exposures by comparing the present value of expected cash-flows with its current carrying amount based on the criteria prescribed by International Accounting Standards – IAS 39.

II. Provisions for Consumer Loans & Credit Cards loans portfolio:
The specific provisions are made against the impaired exposures based on the criteria of Days Past Due (DPD), as per the below table:

Buckets	Days Past Due (DPD)	Provisioning (% of total bucket)
1	1 – 29 days	0%
2	30 – 59 days	15%
3	60 – 89 days	25%
4	90 – 119 days	50%
5	120 – 149 days	75%
6	150 – 179 days	100%
7	180+ days	Write – Off

III. General Provisions:
In addition to specific allowances against individual borrowers, ANB also makes a collective impairment allowance against exposures which, although not specifically identified as requiring a specific allowance, have a higher risk of default than when it was originally granted. This takes into consideration factors such as any deterioration in country risk, industry, technological obsolescence, as well as identified structural weaknesses or deterioration in cash flows.

7. External crediut assesment institutions (ECAIs) used

As per the guidelines provided by SAMA, ANB is using i) Moody's, ii) Standard & Poor's, and iii) Fitch for assigning Risk Weight and calculating Risk Weighted Assets (RWAs) under the Standardized Approach. Obligors, which are not rated by any of these three ECAIs are considered as "un-rated". Only the solicited ratings from the eligible ECAIs are being used for capital adequacy calculations.

8. Credit risk mitigation: Disclosures for standardized and IRB approaches

ANB is using Basel-II standardized approach to calculate capital charge for credit risk, and has adopted simple approach for calculating Credit Risk Mitigation, The calculation methodologies are based on the guidelines specified by SAMA. ANB has been using following types of collateral for Credit Risk Mitigation (CRM) purposes under the Standardized Approach, as per SAMA guidelines:

- **Financial Collateral:**
  The Bank takes only cash as financial collateral for mitigation purpose as per Basel-II Simple Credit Risk Mitigation Approach.

- **Guarantees as collateral:**
  The Bank takes guarantees issued by other banks as a credit risk mitigant for its exposures. In such cases, a simple substitution of the risk weight is applied as per Basel-II Simple Credit Risk Mitigation Approach. The Bank has limit structure in place for managing exposure to each bank, which mitigates the concentration risk while using guarantees as eligible collateral.

9. Counterparty credit risk

9.1 Objective and Policies
The primary objective of counterparty credit risk management function is to effectively identify, measure and manage all derivatives related counterparty exposures through regular review of counterparty limits and daily monitoring of exposures vs. limits.

9.2 Strategy and Process
Limits for all banking counterparties are approved by Senior Credit Committee based on guidelines approved by the Executive Committee of the Board, these guidelines are detailed in the Bank's Credit Policy Manual. With regard to corporate customers, derivative products are offered only to selective large corporate customers with a demonstrated need to employ these products to manage the financial risks in their businesses.

9.3 Structure and Organization
Treasury Group manages day-to-day counterparty exposures for derivatives within the limits set by the Senior Credit Committee. Credit Control Department monitors and controls the exposures independently so that the exposures remain within the approved limits.

9.4 Scope and Nature of Risk Measurement and Reporting Systems
Capital charge for Over the Counter (OTC) derivative products is calculated using the current exposure method. Under this method potential future exposure is calculated, applying SAMA recommended add-on factors and positive mark-to-market of the transactions.

10. Market risk capital calculation

ANB maintains a low risk appetite for proprietary trading activity; as a result, trading activity is limited to FX Spots, FX Forwards, Plain vanilla interest rate derivatives and FX derivative instruments. The Bank uses standardized approach to calculate the capital charge for market risk in trading book and intends to move to Internal Model Approach after complying with the required qualitative and quantitative standards of SAMA.

Basel II Pillar 3 Qualitative Disclosures
(continued)

10.1 Strategies and Processes
Board approves the trading limits keeping in view the overall business strategy of the Treasury Group. All traded products are covered by individual product programs, which lay down product description, business strategy, target customers, risk management, back office and accounting processes. The overall trading book limits as approved by the Board includes:

- Notional limit
- Volume limit
- VaR limit
- Sensitivity limit and
- Volatility limit

10.2 Structure and Organization
The Head of Treasury Group is responsible for managing all trading activities on a day-to-day basis within the established trading limits and in accordance with the direction and guidance given by MRPC. Treasury is responsible to identify and recommend to MRPC new trading strategies in specific instruments and target markets that are in accordance with the Bank's risk appetite.

Market Risk Department is responsible for monitoring and comparing trading activity exposures to the Board approved trading risk limits. All trading instruments are regularly marked-to-market and valuation methodologies are reviewed by market risk.

11. Operational risk capital calculations
For the purpose of its capital computation under Basel II, ANB adopted the Alternative Standardized Approach (ASA). Under ASA, the capital charge is computed by categorizing ANB's activities into 8 business lines (as defined by the Basel II framework) and multiplying the business line's twelve quarters' average gross income by a pre-defined beta factor, which is same as for the Standardized Approach except for two business lines — retail banking and commercial banking. For these business lines, Loans and Advances (LARB) — multiplied by a fixed factor 'm' (0.035) — replaces gross income as the exposure indicator, and for both business lines using a beta of 15%.

12. Equities (Banking book positions)
12.1 Strategies and Processes
The Bank's equity exposure is diversified across listed local stocks of different industry sectors and mutual funds. The portfolio is managed with a conservative approach to achieve a stable long term return with low market volatility. The Bank has also made Strategic Equity Investments in affiliates and subsidiaries to achieve diversification of revenue streams and capitalize on the opportunities available in housing finance, equipment leasing and insurance.

12.2 Structure and Organization
A senior management committee manages the Bank's local equity portfolio. Treasury group monitors the portfolio on a day to day basis and makes recommendation to the management committee for purchase or sale of existing stocks within the Board's approved limits. Board has also approved limits for international equity investments to be managed by Treasury Group, however currently there are no positions in international equity. Investments in affiliates and subsidiaries are regularly reviewed and monitored by the strategic investment unit of the bank.

12.3 Scope and Nature of Risk Reporting and/or Measurement Systems
A detailed investment report is submitted to ALCO and MRPC on a regular basis. The report covers details of securities held, their market values, and securities sold/ bought during the period. Valuation for the equity exposures are based on quoted market price, whereas strategic equity investments are held at book value.

13. Banking book interest rate risk
Interest rate risk in the banking book mainly arises from mismatches in re-pricing dates of interest sensitive assets and liabilities. ANB's policy is to achieve a balance between profitability from banking activities and minimizing risk to earnings and capital from changes in interest rates. The Bank's exposure to interest rate risk is managed with the objective that profits are not unduly impacted by the volatility of the interest rates.

13.1 Risk Management and Monitoring Process
The Board approves the acceptable level of interest rate risk in the banking book by setting a limit on interest rate gaps by maturity buckets together with other limits. Treasury Group is responsible for day-to-day management of interest rate risk under the guidance provided by ALCO. Treasury Group monitors the changes in financial markets leading to interest rate movements. Based on future outlook, Treasury takes appropriate interest rate exposures or hedges the existing exposures, if needed. Interest rate derivatives (mainly interest rate swaps) are used to hedge interest rate exposure of the Bank. Interest rate limits are independently monitored by Market Risk Department of Risk Management Group and reported to ALCO.

13.2 Scope and Nature of Risk Reporting and/or Measurement Systems
To manage the Bank's interest rate risk exposure, Market Risk Department uses the following reports:

- Interest rate gap Analysis
- VaR analysis
- Interest rate stress testing
- Impact of rate movements on investment portfolio

ALCO approves key assumptions underlying these reports, which are documented and reviewed on a periodic basis.

Basel II Pillar 3 Quantitative Disclosures

Table 1. Scope of application

Capital Deficiencies (Table 1, (e))

Particulars	Amount
The aggregate amount of capital deficiencies in subsidiaries not included in the consolidation i.e. that are deducted:	Nill
1. Subsidiary 1	-
2. Subsidiary 2	-
3. Subsidiary 3	-
4. Subsidiary n	-

Table 2. Capital Structure

Capital Structure (Table 2, (b) to (e)) (Figures in SR 000's)

Components of capital	Amount
Core capital - Tier I:	
Eligible paid-up share capital	6,500,000
Shares premium accounts	-
Eligible reserves	5,480,000
Minority interests in the equity of subsidiaries	105,913
Retained earnings	2,705,637
IAS type adjustments*	(44,866)
Deductions from Tier I:	
Interim losses during the year	-
Intangible assets (including goodwill)	-
Other country specific deductions from Tier 1 at 50%	-
Regulatory calculation differences deduction from Tier 1 at 50%**	-
Reciprocal holding of bank capital at 50% deduction	-
Significant minority investments at 10% and above at 50% deduction:	-
Banking and securities entities not fully consolidated	-
Insurance organizations	-
Commercial organizations	(195,574)
Total Tier I	**14,551,111**
Supplementary capital - Tier 2:	
Revaluation gains/reserves	-
Subordinated loan capital	1,687,500
Qualifying general provisions	298,930
Interim profits	-
Deductions from Tier II:	
Reciprocal holding of bank capital at 50% deduction	-
Significant minority investments at 10% and above at 50% deduction:	
Banking and securities entities not fully consolidated	-
Insurance organizations	-
Commercial organizations	(195,574)
Other country specific deductions from Tier 2 at 50%	-
Regulatory calculation differences deduction from Tier 2 at 50%**	-
Total Tier II	**1,790,856**
Capital to cover market risks - Tier III	-
Short Term Subordinated Debit	-
Tier I and Tier II Capital Available for Market Risk	-
Total eligible capital	**16,341,967**

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 3. Capital adequacy
Amount of Exposures Subject To Standardized Approach of Credit Risk and related Capital Requirements (TABLE 3, (b)) (Figures in SR 000's)

Portfolios	Amount of exposures	Capital requirements
Sovereigns and central banks:	35,755,979	4,808
SAMA and Saudi Government	23,523,989	-
Others	12,231,990	4,808
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	4,903,454	198,148
Corporates	51,520,868	3,886,561
Retail non-mortgages	17,389,551	1,043,218
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages	881,572	70,500
Residential	881,572	70,500
Commercial	-	-
Securitized assets	-	-
Equity	852,798	68,224
Others	7,585,137	380,595
Total	**118,889,358**	**5,652,054**

Table 3. Capital adequacy
Capital Requirements For Market Risk* (822, Table 3, (d)) (Figures in SR 000's)

	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Standardised approach	34,884	-	150,917	-	185,802
Internal models approach	-	-	-	-	-

* Capital requirements are to be disclosed only for the approaches used.

Table 3. Capital adequacy
Capital Requirements for Operational Risk* (Table 3, (e)) (Figures in SR 000's)

Particulars	Capital requirement
• Basic indicator approach;	-
• Standardized approach;	-
• Alternate standardized approach;	662,056
• Advanced measurement approach (AMA).	-
Total	**662,056**

* Capital requirement is to be disclosed only for the approach used.

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 3. Capital adequacy
Capital Adequacy Ratios (TABLE 3, (f))

Particulars	Total capital ratio	Tier 1 capital ratio
Top consolidated level	16.95%	15.10%
Bank significant stand alone subsidiary 1	-	-
Bank significant stand alone subsidiary 2	-	-
Bank significant stand alone subsidiary 3	-	-
Bank significant stand alone subsidiary n	-	-

Table 4 (STA). Credit risk: General disclosures
Credit Risk Exposure (Table 4, (b)) (Figures in SR 000's)

Portfolios	Total gross credit risk exposure*	Average gross credit risk exposure over the period**
Sovereigns and central banks:	35,755,979	27,424,437
SAMA and Saudi Government	23,523,989	20,156,398
Others	12,231,990	7,268,040
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	7,514,481	8,814,412
Corporates	65,088,047	63,011,549
Retail non-mortgages	17,386,963	17,154,594
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages	881,250	908,609
Residential	881,250	908,609
Commercial	-	-
Securitized assets	-	-
Equity	852,798	864,644
Others	6,444,425	7,547,230
Total	**133,923,943**	**125,725,475**

* This also covers off-balance sheet items at credit equivalent values.
** Average is calculated at the end-of-quarter balances, for the last 4 quarters.

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 4 (STA). Credit risk: General disclosures
Geographic Breakdown (Table 4, (c)) (Figures in SR 000's)

	Geographic area						
Portfolios	**Saudi Arabia**	**Other GCC & Middle East**	**Europe**	**North America**	**South East Asia**	**Others countries**	**Total**
Sovereigns and central banks:	23,523,989	549,239	59,117	11,623,634	-	-	35,755,979
SAMA and Saudi Government	23,523,989	-	-	-	-	-	23,523,989
Others	-	549,239	59,117	11,623,634	-	-	12,231,990
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-
Banks and securities firms	2,018,765	2,457,925	1,548,374	1,048,653	169,600	271,163	7,514,481
Corporates	63,251,207	1,010,770	687,097	-	91,881	47,091	65,088,047
Retail non-mortgages	17,386,963	-	-	-	-	-	17,386,963
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-
Mortgages	881,250	-	-	-	-	-	881,250
Residential	881,250	-	-	-	-	-	881,250
Commercial	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-
Equity	852,798	-	-	-	-	-	852,798
Others	6,248,840	-	195,586	-	-	-	6,444,425
Total	**114,163,812**	**4,017,934**	**2,490,174**	**12,672,287**	**261,481**	**318,254**	**133,923,943**

Table 4 (STA). Credit risk: General disclosures
Industry Sector Breakdown (Table 4, (d)) (Figures in SR 000's)

	Industry sector												
Portfolios	**Government and quasi government**	**Banks and other financial institutions**	**Agriculture and fishing**	**Manufacturing**	**Mining and quarrying**	**Electricity water, gas and health services**	**Duilding and construction**	**Commerce**	**Transport and communication**	**Services**	**Consumer Loans and credit cards**	**Others**	**Total**
Sovereigns and central banks:	35,755,979	-	-	-	-	-	-	-	-	-	-	-	35,755,979
SAMA and Saudi Government	23,523,989	-	-	-	-	-	-	-	-	-	-	-	23,523,989
Others	12,231,990	-	-	-	-	-	-	-	-	-	-	-	12,231,990
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	7,505,689	-	-	-	-	-	-	-	-	-	-	7,505,689
Corporates	6,595	4,195,325	1,051,256	11,956,945	973,819	4,687,129	8,101,713	12,402,112	6,133,071	2,159,640	-	13,429,234	65,096,839
Retail non-mortgages	-	-	-	-	-	-	-	-	-		17,386,963	-	17,386,963
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	-	-	-	-	-	-	881,250	881,250
Residential	-	-	-	-	-	-	-	-	-	-	-	881,250	881,250
Commercial	-	-	-	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Equity	-	662,012	613	43,272	-	7,387	80,511	-	28,534	24,100	-	6,368	852,798
Others	-	-	-	468,260	-	-	1,236	7,282	-	9,198	3,847	5,954,602	6,444,425
Total	**35,762,574**	**12,363,026**	**1,051,869**	**12,468,477**	**973,819**	**4,694,516**	**8,183,460**	**12,409,394**	**6,161,606**	**2,192,938**	**17,390,810**	**20,271,454**	**133,923,943**

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 4 (STA). Credit risk: General disclosures
Residual Contractual Maturity Breakdown (Table 4, (e)) (Figures in SR 000's)

	Maturity breakdown									
Portfolios	**Less than 8 days**	**8-30 days**	**30-90 days**	**90-180 days**	**180-360 days**	**1-3 years**	**3-5 years**	**Over 5 years**	**No Fixed Maturity**	**Total**
Sovereigns and central banks:	132,986	2,221,492	6,294,827	441,772	1,889,287	6,696,874	3,094,564	4,618,152	10,366,024	35,755,979
SAMA and Saudi Government	132,986	2,221,492	6,264,740	396,671	1,889,287	1,368,843	495,821	388,123	10,366,024	23,523,989
Others	-	-	30,087	45,101	-	5,328,030	2,598,743	4,230,029	-	12,231,990
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	875,993	91,685	440,838	1,103,224	185,062	1,622,313	2,109,058	48,709	1,037,599	7,514,481
Corporates	343,930	6,700,151	9,360,864	7,693,192	11,722,656	11,552,580	6,096,108	9,002,706	2,615,860	65,088,047
Retail non-mortgages	130,879	317,836	719,704	1,106,561	2,100,412	7,545,017	4,058,993	1,407,562	-	17,386,963
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	160	8,144	25,334	847,612	-	881,250
Residential	-	-	-	-	160	8,144	25,334	847,612	-	881,250
Commercial	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	-	-	-	852,798	852,798
Others	-	4,687	9,257	16,133	27,058	57,928	23,464	41,407	6,264,491	6,444,425
Total	**1,483,788**	**9,335,851**	**16,825,490**	**10,360,883**	**15,924,635**	**27,482,857**	**15,407,520**	**15,966,149**	**21,136,772**	**133,923,943**

Table 4 (STA). Credit risk: General disclosures
Impaired Loans, Past Due Loans and Allowances (Table 4, (f)) (Figures in SR 000's)

			Aging of Past Due Loans (days)				Specific allowances			
Industry sector	**Impaired loans***	**Defaulted****	**Less than 90**	**90-180**	**180-360**	**Over 360**	**Charges during the period**	**Charge-offs during the period**	**Balance at the end the period**	**General allowances**
Government and quasi government	-	-	-	-	-	-	-	-	-	-
Banks and Other Financial Institutions	591,986	503,636	88,350	4,763	-	498,873	257,541	-	498,873	-
Agriculture and fishing	-	-	-	-	-	-	(73)	4,664	-	-
Manufacturing	1,596,929	740,173	95,933	356,662	41,641	341,870	69,996	65,603	470,469	-
Mining and quarrying	-	-	-	-	-	-	-	-	-	-
Electricity, water, gas and health services	-	-	-	-	-	-	-	-	-	-
Building and construction	38,327	37,176	1,152	-	37,176	-	(16,251)	13,642	35,085	-
Commerce	24,432	24,520	-	63	16,450	8,007	(9,175)	23,553	21,242	-
Transportation and communication	60,936	-	-	-	-	-	35,096	-	62,918	-
Services	412,360	412,360	3	390,791	11,047	10,523	205,507	-	393,723	-
Consumer loans and credit cards	108,012	34,074	636,266	34,074	-	-	135,581	92,505	77,263	-
Others	409,259	277,486	952,034	37,691	1,667	238,127	318,947	11,272	335,986	-
Total	**3,242,241**	**2,029,425**	**1,773,738**	**824,044**	**107,981**	**1,097,400**	**997,169**	**211,238**	**1,895,559**	**298,930**

* Impaired loans defined as any loan with specific provision

** Defaulted loans defined as non-performing loans

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 4 (STA). Credit risk: General disclosures
Impaired Loans, Past Due Loans And Allowances (Table 4, (g)) (Figures in SR 000's)

		Aging of Past Due Loans (days)					
	Impaired loans	Less than 90	90-180	180-360	Over 360	Specific allowances	General allowances
Saudi Arabia	3,242,241	1,773,738	824,044	107,981	1,097,400	1,895,559	298,930
Other GCC & Middle East	-	-	-	-	-	-	-
Europe	-	-	-	-	-	-	-
North America	-	-	-	-	-	-	-
South East Asia	-	-	-	-	-	-	-
Others countries	-	-	-	-	-	-	-
Total	**3,242,241**	**1,773,738**	**824,044**	**107,981**	**1,097,400**	**1,895,559**	**298,930**

Table 4 (STA). Credit risk: General disclosures
Reconciliation Of Changes In The Allowances For Loan Impairment (Table 4, (h)) (Figures in SR 000's)

Particulars	Specific allowances	General allowances
Balance, beginning of the year	1,109,630	347,790
Charge-offs taken against the allowances during the period	211,237	-
Amounts set aside (or reversed) during the period	997,166	(48,860)
Other adjustments:		
- exchange rate differences	-	-
- business combinations	-	-
- acquisitions and disposals of subsidiaries	-	-
- etc.	-	-
Transfers between allowances	-	-
Balance, end of the year	**1,895,559**	**298,930**

* Charge-offs and recoveries that have been recorded directly to the income statement are SAR 16,101 and SAR 71,567 respectively.

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 5 (STA). Credit risk: Disclosures for portfolios subject to the standardized approach

Allocation Of Exposures To Risk Buckets (Table 5, (b)) (Figures in SR 000's)

	Risk buckets									
Particulars	**0%**	**20%**	**35%**	**50%**	**75%**	**100%**	**150%**	**Other risk weights**	**Unrated**	**Deducted**
Sovereigns and central banks:	35,695,874	-	-	-	-	60,106	-	-	-	-
SAMA and Saudi Government	23,523,989	-	-	-	-	-	-	-	-	-
Others	12,171,885	-	-	-	-	60,106	-	-	-	-
Multilateral Development Banks (MDBs)	-	-	-	-	-	-	-	-	-	-
Public Sector Entities (PSEs)	-	-	-	-	-	-	-	-	-	-
Banks and securities firms	-	1,212,961	-	5,611,590	-	671,180	18,750	-	-	391,147
Corporates	-	-	-	3,169,166	-	61,912,901	5,979	-	-	-
Retail non-mortgages	-	-	-	-	17,386,963	-	-	-	-	-
Small Business Facilities Enterprises (SBFE's)	-	-	-	-	-	-	-	-	-	-
Mortgages	-	-	-	-	-	881,250	-	-	-	-
Residential	-	-	-	-	-	881,250	-	-	-	-
Commercial	-	-	-	-	-	-	-	-	-	-
Securitized assets	-	-	-	-	-	-	-	-	-	-
Equity	-	-	-	-	-	852,798	-	-	-	-
Others	1,906,455	-	-	-	-	4,099,047	438,923	-	-	-
Total	**37,602,329**	**1,212,961**	**-**	**8,780,756**	**17,386,963**	**68,477,281**	**463,653**	**-**	**-**	**-**
Grand total				**133,923,943**				**-**	**-**	**391,147**

Table 7 (STA). Credit risk mitigation (CRM): Disclosures for standardized approach

Credit Risk Exposure Covered By CRM (Table 7, (b) and (c)) (Figures in SR 000's)

Portfolios	**Eligible financial collateral**	**Covered by Guarantees / credit derivatives**
Sovereigns and central banks:		
SAMA and Saudi Government	-	-
Others	-	-
Multilateral Development Banks (MDBs)	-	-
Public Sector Entities (PSEs)	-	-
Banks and securities firms	-	-
Corporates	1,138,967	79,715
Retail non-mortgages	-	-
Small Business Facilities Enterprises (SBFE's)	-	-
Mortgages	-	-
Residential	-	-
Commercial	-	-
Securitized assets	-	-
Equity	-	-
Others	-	-
Total	**1,138,967**	**79,715**

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 8. General disclosures for exposures related to counterparty credit risk (CCR)
General Disclosures (Table 8, (b) and (d)) (Figures in SR 000's)

Particulars	Amount
Gross positive fair value of contracts	360,661
Netting Benefits*	-
Netted Current Credit Exposure*	-
Collateral held:	
-Cash	-
-Government securities	-
-Others	-
Exposure amount (under the applicable method)	
-Internal Models Method (IMM)	-
-Current Exposure Method (CEM)	1,153,383
Notional value of credit derivative hedges	-
Current credit exposure (by type of credit exposure):	
-Interest rate contracts	349,110
-FX contracts	804,273
-Equity contracts	-
-Credit derivatives	-
-Commodity/other contracts	-

* Bank's estimate of Alpha (if the bank has received supervisory approval) is N/A.
* Currently, netting for credit exposure measurement purposes not permitted in KSA.

Table 10. Market risk: Disclosures for Banks using the standardized approach
Level Of Market Risks In Terms Of Capital Requirements (Table 10, (b)) (Figures in SR 000's)

	Interest rate risk	Equity position risk	Foreign exchange risk	Commodity risk	Total
Capital requirements	34,884	-	150,917	-	185,801

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 13. Equities: Disclosures for Banking book positions
Value Of Investments (Table 13, (b)) (Figures in SR 000's)

	Un-quoted investments		Quoted investments		
	Value disclosed in Financial Statements	Fair value	Value disclosed in Financial Statements	Fair value	Public quoted share values (if materially different from fair value)
Investments	392,317	392,317	851,628	851,628	-

Table 13. Equities: Disclosures for Banking book positions
Types And Nature of Investments (Table 13, (c)) (Figures in SR 000's)

Investments	Publicly traded	Privately held
Government and quasi government	-	-
Banks and other financial institutions	660,842	329,317
Agriculture and fishing	613	-
Manufacturing	43,272	-
Mining and quarrying	-	-
Electricity, water, gas and health services	7,387	-
Building and construction	80,511	-
Commerce	-	-
Transportation and communication	28,534	-
Services	24,100	-
Others	6,368	-
Total	**851,628**	**392,317**

Table 13. Equities: Disclosures for Banking book positions
Gains / Losses Etc. (Table 13, (d) and (e)) (Figures in SR 000's)

Particulars	Amounts
Cumulative realized gains (losses) arising from sales and liquidations in the reporting period	35,746
Total unrealized gains (losses)	145,597
Total latent revaluation gains (losses)*	-
Unrealized gains (losses) included in Capital	145,597
Latent revaluation gains (losses) included in Capital*	-

*Not applicable to KSA to date

Basel II Pillar 3 Quantitative Disclosures
(continued)

Table 13. Equities: Disclosures for Banking book positions

Capital Requirements (Table 13, (f)) (Figures in SR 000's)

Equity grouping	Capital requirements
Government and quasi government	-
Banks and other financial institutions	444,108
Agriculture and fishing	49
Manufacturing	3,462
Mining and quarrying	-
Electricity, water, gas and health services	591
Building and construction	6,441
Commerce	-
Transportation and communication	2,283
Services	1,928
Others	509
Total	**459,371**

Table 14. Interest rate risk in the Banking book (IRRBB)

200bp Interest Rate Shocks for currencies with more than 5% of Assets or Liabilities (Table 14, (b)) (Figures in SR 000's)

Rate Shocks	Change in earnings
Upward rate shocks:	
SAR	243,059
USD	307,393
Others	4,333
Downward rate shocks:	
SAR	-243,059
USD	-307,393
Others	-4,333

Branches

Central Region Branches

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Riyadh	Riyadh	1 4114000	1 2875306	26	11411
Sitteen	Riyadh	1 4771885	1 4771027	41095	11521
Dhabab	Riyadh	1 4040365	1 4043959	6876	11452
Olaya	Riyadh	1 4659331	1 4659440	10875	11441
Industrial Area	Riyadh	1 4465708	1 4460781	1006	11431
Hijaz Road	Riyadh	1 4585512	1 4585424	4045	11491
Rawdah	Riyadh	1 2086024	1 2089562	21346	11475
Shemeisi	Riyadh	1 4354074	1 4353946	26	11411
Al-Kharj		1 5441912	1 5444484	31	11942
Hawtat Bani Tamim		1 5550780	1 5550784	51	11941
Al-Majma'a		6 4323584	6 4323848	229	11952
Akariah	Olaya	1 4191000	1 4191803	53055	11583
Rabwa	Riyadh	1 4910546	1 4910573	25067	11466
Shaqra		1 6220909	1 6221758	153	11961
Pensions Fund Authority	Riyadh	1 4025100	1 4124559	18364	11168
Shifa	Riyadh	1 4213111	1 4223123	61302	11565
Swaidi	Riyadh	1 4258766	1 4259417	61128	11565
Al Malaz	Riyadh	1 4765400	1 4769294	26	11411
Dahrat Al-Badia	Riyadh	1 2678676	1 2675860	26	11411
North Murabba	Riyadh	1 4050707	1 4032349	8667	11492
Second Industrial City	Riyadh	1 2652088	1 2652023	50729	11533
Khashm Al-A'an	Riyadh	1 2521102	1 2521106	87139	11642
Raed Quarter	Riyadh	1 4880587	1 4880901	9014	11413
Naseem	Riyadh	1 2328230	1 2330291	57504	11584
Quwaiyayah		1 6521206	1 6521164	34	11971
Mursalat	Riyadh	1 4555455	1 4569177	92161	11653
Takhassusi	Riyadh	1 4820489	1 4822090	93095	11673
Land Forces	Riyadh	1 4787154	0 0	8667	11492
Eshpielya	Riyadh	1 2534298	1 2534283	225051	11324
King Faisal Quarter	Riyadh	1 2387118	1 2387185	26	11411
Hafr Al-Batin		3 7230566	3 7230765	167	31991
Rayan Quarter	Riyadh	1 4929371	1 4928409	-	-
Ta'awon	Riyadh	1 4547783	1 4508959	-	-
Aziziah Quarter	Riyadh	1 4956994	1 2134972	-	-
Almugharzat	Riyadh	1 4940833	1 4940824	56921	11564
Ghornatah	Riyadh	1 2490036	1 2493514	-	-
Alkhaleej	Riyadh	1 4451443	1 4451334	-	-
Hay AlNafel	Riyadh	1 2756168	1 2108499	-	-
Hay AlFalah	Riyadh	1 2109495	1 2109331	26	11411

Northern Region Branches:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Buraida		6 3834059	6 3834029	1049	51431
Unaiza		6 3646880	6 3648662	166	51911
Al-Zelfi		6 4222244	6 4222240	275	11932
Dawadmi		1 6430641	1 6430142	206	11911
Al-Rass		6 3513445	6 3381693	0	51921
Hail		6 5329328	6 5323848	-	-
Ar'ar		4 6640412	4 6627004	-	-
Al-Jouf		4 6245188	4 6247988	353	42411
Qurayat		4 6419471	4 6416473	-	-
Afif		1 7223013	1 7223021	180	11921
Shraf	Hail	6 5333748	6 5351785	1146	-
Tabuk		4 4221218	4 4234643	698	71421
Tayma		4 4630632	4 4630080	49	71941
King Abdulaziz	Buraida	6 3250872	6 3250588	1049	-
King Fahad Road	Tabuk	4 4232172	4 4236825	698	71421
Al Bekairia		6 3352970	6 3352972	26	11411

Branches

Western Region Branches:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Sari	Jeddah	2 6912376	2 6916587	9463	21413
Alrehab	Jeddah	2 6753693	2 6756951	344	21411
Makkah Road	Jeddah	2 6873509	2 6886966	9463	21413
Madina Munawwarah		4 8237144	4 8251312	2443	-
Yanbu		4 3226190	4 3225940	483	-
Taif		2 7384122	2 7381690	1542	-
Alrusaifah	Makkah	2 5307050	2 5656070	1355	21955
Wajh		4 4421283	4 4421149	44	71921
Bab Makkah	Jeddah	2 6438441	2 6438654	16060	21464
Aziziyah	Makkah	2 5570838	2 5570821	1355	-
Rabigh		2 4220196	2 4220816	45	21911
Al-Ula		4 8841265	4 8842357	-	-
Hay Al-Salamah	Jeddah	2 2751515	2 6399743	14906	21434
Prince Majid Street	Jeddah	2 6170473	2 6744533	13304	21493
Makaronah	Jeddah	2 6700600	2 6724183	13303	21493
Ma'abdah	Makkah	2 5735623	2 5704466	1355	-
Mahjar	Jeddah	2 6373776	2 6373783	9463	21413
Hay Al-Jamia'a	Jeddah	2 6809980	2 6809889	30577	21487
Otaibiah	Makkah	2 5605712	2 5605721	1355	-
Misyal	Makkah	2 5413936	2 5381161	1355	21955
Shohada	Makkah	2 5450594	2 5442008	5927	-
Qurban	Madina Munawwarah	4 8279900	4 8288899	2443	-
Shohada	Taif	2 7429386	2 7431397	1542	21944
Al-Safa	Jeddah	2 6798171	2 6781237	53869	21593
Alrawdah	Jeddah	2 2619233	2 2619240	9463	21413
Tahliyah Street	Jeddah	2 6644551	2 6631628	51283	21543
Alrabea	Jeddah	2 6775956	2 2717735	9463	21413
Albawadi	Jeddah	2 6823010	2 6827514	9463	21413
King Road	Jeddah	2 6912095	2 6910527	-	-
Prince Sultan Street	Jeddah	2 6993051	2 6998054	-	-
Alanpariah	Madina Munawwarah	4 8266557	4 8212881	2443	-
Hay Albsateen	Jeddah	2 6993477	2 6994309	-	-
Shehar	Taif	2 7405905	2 7450992	-	-
Shan Acandalus	Jeddah	2 6033939	2 2637040	9463	21413

Eastern Region Branches:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Dammam		3 8333577	3 8347309	18	31411
Khobar		3 8948660	3 8942752	37	31952
Qatif		3 8548464	3 8547462	18	31411
Hofuf		3 5831556	3 5831071	1004	31982
Jubail		3 3628622	3 3628633	351	31951
Khazzan Street	Dammam	3 8270076	3 8272911	18	31411
Mubarraz		3 5313334	3 5313016	10187	31982
Ibqaiq		3 5662612	3 5663856	1573	31952
Al-Omran		3 5963632	3 5960144	1845	31982
Ras Tannourah		3 6680472	3 6682843	18	31411
Thuqbah		3 8952304	3 8982980	20412	31952
Sanayah	Jubail	3 3475933	3 3475932	18	31411
Khafji		3 7661450	3 7671627	-	-
King Abdul Aziz Street	Khobar	3 8396000	3 8396061	1573	31952
Old Industrial Area	Dammam	3 8471752	3 8471732	7589	31472
Saihat		3 8506046	3 8503121	18	31411
First Street	Dammam	3 8309666	3 8098739	18	31411
42 Street	Dammam	3 8487700	3 8487711	18	31411
Mazroueya	Hofuf	3 5825980	3 5823583	1004	31982
Rawda	Hofuf	3 5806263	3 5803046	1004	31982
Qarah	Hofuf	3 5962656	3 5962276	1004	31982
Industrial Area	Khobar	3 8672800	3 8981365	37	31952
Second Industrial City	Dammam	3 8122225	3 8121277	18	31411
Mukhattat 71	Dammam	3 8222799	3 8186116	18	31411
Al-Rashid Centre	Khobar	3 8986015	3 8652304	18	31411
Al-Najah Street	Hofuf	3 5873177	3 5876317	1004	31982
AL-Raka	Khobar	3 8598786	3 8591295	18	31411
AL-Muraikbat	Dammam	3 8412505	3 8420238	18	31411
Alqatif	Albalad	3 8551521	3 8540759	-	-
Altaraf	Ehsa'a	3 5370955	3 5370956	1004	31982
Mohammadiyah	Dammam	3 8178100	3 8178090	18	31411
Safwa		3 6644773	3 6646909	18	31411

Southern Region Branches:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Wadi Al-Dawaser		1 7840312	1 7840430	98	11991
Abha		7 2317930	7 2318074	694	-
Najran		7 5222880	7 5220868	344	-
Khamis Mushait		7 2214342	7 2214167	934	61961
Al-Baha		7 7253938	7 7254147	228	-
Baljurashi		7 7222920	7 7222916	131	22888
Jizan		7 3220520	7 3223751	233	-
Bisha		7 6221222	7 6222373	272	-
Dhahran Al-Janoob		7 2550320	7 2550516	34	-
Sabya		7 3265817	7 3262942	3	-
Al-Qunfudah		7 7321045	7 7320932	6	21912
Al-Namas		7 2821029	7 2810327	195	61977
Mahayl Aseer		7 2852036	7 2851493	162	61913
Commercial Market	Khamis Mushait	7 2231514	7 2208784	934	61961
Samtah		7 3321666	7 3323909	-	-
Military City	Khamis Mushait	7 2503834	7 2500592	-	-
Almansak	Abha	7 2313088	7 2312971	694	-

Ladies Branches/Sections:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
Ladies, Akariah	Riyadh	1 4600065	1 4600213	60877	11155
Ladies,Olaya	Riyadh	1 2931989	1 4659365	10875	11441
Ladies, Swaidi	Riyadh	1 2679548	1 2679560	61129	11565
Ladies, Mursalat	Riyadh	1 4555455 Ext. 7932	1 4555455	92161	11653
Ladies, Rabwah	Riyadh	1 2832329	1 2087285	25067	11466
Ladies, Takhassusi	Riyadh	1 4830248	Ext. 264	93095	11673
Ladies, Hay Al-Jamia'a	Jeddah	2 6808023	2 6809799	30577	21487
Ladies, Sari	Jeddah	2 6912376	2 6916043	9463	21413
Ladies, Hay Al-Salamah		2 2751515	2 6399618	14906	21434
Ladies, Makkah Mukaramah		2 5576292	2 5576286	1355	21955
Ladies, Madinah Munawarah		2 8222761	2 8271269	2443	-
Ladies, Korneesh	Al Dammam	3 8309666	3 8094718	18	31411
Ladies, Korneesh	AlKhobar	3 8891095	3 8892048	37	31952
Ladies, Shara-42	Dammam	3 8416390 Ext. 197	3 8416390	18	31411
Ladies, Dammam		3 8333577 Ext. 7320	3 8333577	18	31411
Ladies, Qatif		3 8547198	3 8546074	18	31411
Ladies, Mubarraz		3 5313334	3 5311570	1004	31982
Ladies, King Abdulaziz Street	Khobar	3 8396082	3 8396108	3933	31952
Ladies, Rawda	Hofuf	3 5806263	3 5885433	1004	31982
Ladies, Al-Qara		3 5962656	3 5965266	1004	31982
Ladies, Al-Muraikbat	Dammam	3 8413438	3 8420238	18	31411
Ladies, Raed Quarter	Riyadh	1 4880587	1 4810314	9014	11413
Ladies, Ryan	Riyadh	1 4929371	1 4928513	-	-
Ladies, Almugharzat	Riyadh	1 4940833	1 4940823	56921	11564
Ladies, Shraf	Hail	6 5351894 Ext. 2134	6 5351894	1146	-
Ladies, Rawdah	Riyadh	1 2086024	1 4921389	21346	11475
Ladies, Ta'awon	Riyadh	1 4547783	1 4539038	-	-
Ladies, Ishbiliah	Riyadh	1 2534298	1 2537603	26	11411
Ladies, King Road	Jeddah	2 6912095	2 2575376	-	-
Ladies, Tahliya	Jeddah	2 6604236 Ext. 125	2 6604236	51283	21543
Ladies, Alrusaifah Quarter	Makkah	2 5307050	2 5307346	1355	21955
Ladies, Alrehab Quarter	Jeddah	2 6753693	2 2875005	9463	21413
Ladies, Alanpariah	Madina Munawwarah	4 8266557	4 8663071	2443	
Ladies, Prince Sultan Street	Jeddah	2 6990433	2 2155890		
Ladies, Mazroueya		3 5023198	3 5823641	1004	31982
Ladies, Shehar	Taif	2 7405905	2 7422592	9463	21413
Ladies, Buraidah		6 3834035	6 3834059	1049	51431

Overseas Branch:

Branch Name		Tel. No.	Fax No.	P.O. Box	Postal Code
25 Curzon Street,	London	+44 0 20 72974600	+44 0 20 72974900		W1J 7TT

Arab National Bank
P.O. Box 56921
Riyadh 11564
Kingdom of Saudi Arabia
Telephone: (+966) 1 402 9000
Facsimile: (+966) 1 402 7747
Telex: 402 660 ARNA SJ

www.anb.com.sa