



REVIEW REPORT

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

We have reviewed the accompanying consolidated statement of financial position of Arab National Bank (the "Bank") and its subsidiary as of March 31, 2009, and the related consolidated statements of income, comprehensive income, changes in shareholders' equity and cash flows for the three month period then ended and the notes from (1) to (10).

Management's Responsibility for the Consolidated Financial Statements

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

Scope of Review

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

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

Conclusion

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

Other Regulatory Matters

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

Ernst & Young
P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

Abdulaziz A. Al-Sowailim
Certified Public Accountant
Registration No. 277



**Deloitte & Touche
Bakr Abulkhair & Co.**
P.O. Box 213
Riyadh 11411
Kingdom of Saudi Arabia



Ehsan A. Makhdom
Certified Public Accountant
Registration No. 358

Rabi Al-Thani 16, 1430H
April 12, 2009

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

As at	Note	March 31, 2009 (Unaudited) SAR'000	December 31, 2008 (Audited) SAR'000	March 31, 2008 (Unaudited) SAR'000
ASSETS				
Cash and balances with SAMA		7,319,619	12,050,836	10,334,229
Due from banks and other financial institutions		2,121,474	2,747,396	2,896,135
Investments, net	4	26,362,703	28,227,796	22,070,555
Loans and advances, net		72,810,358	74,661,610	65,322,234
Investment in associate		191,948	193,048	200,000
Other real estate		103,440	103,440	105,675
Property and equipment, net		974,997	934,851	802,464
Other assets		2,522,281	2,388,165	2,232,862
Total assets		112,406,820	121,307,142	103,964,154
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		10,085,351	10,509,073	9,071,302
Customers' deposits		84,518,644	92,743,453	78,844,431
Other liabilities		3,418,975	3,508,318	3,087,366
Debt securities in issue		1,875,000	1,875,000	1,875,000
Total liabilities		99,897,970	108,635,844	92,878,099
Shareholders' equity				
Share capital	9	6,500,000	6,500,000	6,500,000
Statutory reserve		4,390,000	4,390,000	3,766,000
Other reserves		(293,059)	(85,782)	60,891
Retained earnings		1,911,909	1,217,080	759,164
Proposed Dividend		-	650,000	-
Total shareholders' equity		12,508,850	12,671,298	11,086,055
Total liabilities and shareholders' equity		112,406,820	121,307,142	103,964,154

The accompanying notes 1 to 10 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF INCOME
For the three months ended
(Unaudited)

	Note	March 31, 2009 SAR'000	March 31, 2008 SAR'000
Special commission income		1,264,474	1,415,638
Special commission expense		352,174	540,476
Net special commission income		912,300	875,162
Fees from banking services, net		155,815	203,961
Exchange income, net		60,845	53,820
Loss from FVIS financial instruments, net		(14,752)	(2,975)
Trading income net		5,402	724
Dividend income		2,251	-
Gains (losses) and impairment of non-trading investments, net		21,665	(153,992)
Other operating income		13,503	68,909
Total operating income		1,157,029	1,045,609
Salaries and employee related expenses		235,687	218,222
Rent and premises related expenses		29,497	27,629
Depreciation and amortization		44,398	35,082
Other general and administrative expenses		96,798	77,494
Provision for credit losses, net		54,720	14,997
Total operating expenses		461,100	373,424
Net operating income		695,929	672,185
Share in losses of an associate		(1,100)	-
Net income for the period		694,829	672,185
<u>Basic and fully diluted earnings (in SAR per share)</u>	9	1.07	1.03

The accompanying notes 1 to 10 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
For the three months ended
(Unaudited)

	March 31, 2009 SAR'000	March 31, 2008 SAR'000
	<u>694,829</u>	<u>672,185</u>
Profit for the period		
Other comprehensive income:		
Net changes on available for sale financial assets	(91,356)	(133,824)
Net changes on cash flow hedges	<u>(115,921)</u>	<u>23,097</u>
Total comprehensive income for the period	<u><u>487,552</u></u>	<u><u>561,458</u></u>

The accompanying notes 1 to 10 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
For the three months ended March 31, 2009 and 2008
(Unaudited)

<u>2009</u>	Note	Share capital SAR' 000	Statutory reserve SAR' 000	General reserve SAR' 000	Other reserves SAR' 000	Retained earnings SAR' 000	Proposed Dividend	Total SAR' 000
Balance at the beginning of the period		6,500,000	4,390,000	-	(85,782)	1,217,080	650,000	12,671,298
Net changes in fair value of cash flow hedges					(115,921)	-	-	(115,921)
Net changes in fair values of available for sale investments					(131,771)	-	-	(131,771)
Transfers to consolidated statement of income					40,415	-	-	40,415
Net expense recognized directly in equity					(207,277)	-	-	(207,277)
Net income for the period					-	694,829	-	694,829
Total recognized (expense) income for the period					(207,277)	694,829	-	487,552
2008 final Dividend	9				-	-	(650,000)	(650,000)
Balance at the end of the period		6,500,000	4,390,000	-	(293,059)	1,911,909	-	12,508,850
<u>2008</u>								
Balance at the beginning of the period		4,550,000	3,766,000	1,950,000	171,618	86,979	-	10,524,597
Net changes in fair value of cash flow hedges					23,097	-	-	23,097
Net changes in fair values of available for sale investments					(124,537)	-	-	(124,537)
Transfers to consolidated statement of income					(9,287)	-	-	(9,287)
Net income recognized directly in equity					(110,727)	-	-	(110,727)
Net income for the period					-	672,185	-	672,185
Total recognized income for the period					(110,727)	672,185	-	561,458
Bonus share issue	9	1,950,000	-	(1,950,000)	-	-	-	-
Balance at the end of the period		6,500,000	3,766,000	-	60,891	759,164	-	11,086,055

The accompanying notes 1 to 10 form an integral part of these interim condensed consolidated financial statements.

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

	March 31, 2009	March 31, 2008
	<u>SAR'000</u>	<u>SAR'000</u>
<u>OPERATING ACTIVITIES</u>	<u>Note</u>	
Net income for the period	694,829	672,185
Adjustments to reconcile net income to net cash from operating activities		
Accretion of discounts on non-trading investments, net (Gains) losses and impairment on non-trading investments, net	(87,443)	(36,749)
Depreciation and amortization	44,398	153,992
Losses (gains) on disposal of property and equipment, net	79	35,082
Share in losses of an associate	1,100	(55,467)
Provision for credit losses, net	54,720	-
	<u>686,018</u>	<u>14,997</u>
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	68,851	(376,070)
Due from banks and other financial institutions maturing after three months of the acquisition date	(218,438)	347,475
Loans and advances	1,771,589	(4,159,919)
Other real estate	-	50,180
Other assets	(794,495)	(338,472)
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	(423,722)	4,624,128
Customers' deposits	(8,224,809)	5,151,774
Other liabilities	(170,707)	235,121
Net cash (used in) from operating activities	<u>(7,305,713)</u>	<u>6,318,257</u>
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of and matured non-trading investments	10,376,445	5,398,309
Purchase of non-trading investments	(8,491,826)	(6,687,767)
Purchase of property and equipment	(84,623)	(63,945)
Proceeds from sale of property and equipment	-	55,530
Net cash from (used in) investing activities	<u>1,799,996</u>	<u>(1,297,873)</u>
<u>FINANCING ACTIVITIES</u>		
Term Loan	-	(1,312,500)
Dividends paid	(1,008)	(28,458)
Net cash used in financing activities	<u>(1,008)</u>	<u>(1,340,958)</u>
(Decrease) increase in cash and cash equivalents	(5,506,725)	3,679,426
Cash and cash equivalents at the beginning of the period	<u>10,711,944</u>	<u>5,460,659</u>
Cash and cash equivalents at the end of the period	<u>7</u>	<u>5,205,219</u>
Special commission received during the period	1,364,133	1,404,068
Special commission paid during the period	(329,895)	(551,716)
Supplemental non-cash information		
Net changes in fair value	<u>(247,692)</u>	<u>(101,440)</u>

The accompanying notes 1 to 10 form an integral part of these interim condensed consolidated financial statements.

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements
For the three months ended March 31, 2009 and 2008
(SAR'000)

1. General

Arab National Bank (a Saudi Joint Stock Company, the Bank) was formed pursuant to Royal Decree No. M/38 dated Rajab 18,1399H (June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (January 19, 1980) through 134 branches (2008: 125 branches) in the Kingdom of Saudi Arabia and one branch in the United Kingdom. The address of the Bank's head office is as follows:

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

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

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

2. Basis of preparation

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

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

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

Basis of consolidation

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

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

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

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (Continued)
For the three months ended March 31, 2009 and 2008
(SAR'000)

2. Basis of preparation (continued)

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

3. Accounting policies

The accounting policies adopted are consistent with those followed in the preparation of the Bank's annual financial statements for the year ended December 31, 2008.

4. Investments, net

Investment securities are classified as follows:

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Held at fair value through income statement	279,367	349,952	1,073,966
Available for sale	13,994,777	9,714,254	3,926,469
Held to maturity	425,065	3,417,895	6,325,098
Other investments held at amortized cost, net	11,663,494	14,745,695	10,745,022
Total	26,362,703	28,227,796	22,070,555

5. Derivatives

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

	March 31, 2009 (Unaudited)			December 31, 2008 (Audited)			March 31, 2008 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional Amount
Derivatives held for trading:									
Commission rate swaps	252,360	234,016	14,996,184	227,232	212,671	10,774,222	147,049	137,372	9,538,354
Forward foreign exchange contracts	306,383	268,794	13,406,928	753,513	694,110	29,844,601	224,813	189,028	21,646,244
Currency options	9,927	9,395	413,425	15,612	14,096	505,838	6,438	7,663	342,609
Derivatives held as fair value hedges:									
Commission rate swaps	-	226,184	4,831,686	853	251,539	8,499,718	7,548	135,501	6,969,410
Derivatives held as cash flow hedges:									
Commission rate swaps	10,619	-	444,000	126,540	-	1,748,000	33,843	-	685,000
Total	579,289	738,389	34,092,223	1,123,750	1,172,416	51,372,379	419,691	469,564	39,181,617

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the three months ended March 31, 2009 and 2008
(SAR'000)

6. Credit related commitments and contingencies

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

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Letters of credit	3,658,584	4,302,906	5,913,542
Letters of guarantee	13,884,979	14,869,102	12,336,331
Acceptances	1,945,617	2,236,259	2,274,135
Irrevocable commitments to extend credit	4,237,080	2,796,315	1,709,162
Other	305,136	320,636	369,804
Total	<u>24,031,396</u>	<u>24,525,218</u>	<u>22,602,974</u>

7. Cash and cash equivalents

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

	March 31, 2009 (Unaudited)	December 31, 2008 (Audited)	March 31, 2008 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	3,489,682	8,152,048	6,792,388
Due from banks and other financial institutions maturing within 3 months of the acquisition date	<u>1,715,537</u>	<u>2,559,896</u>	<u>2,347,697</u>
Total	<u>5,205,219</u>	<u>10,711,944</u>	<u>9,140,085</u>

8. Business segments

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

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

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

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

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

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.

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the three months ended March 31, 2009 and 2008
(SAR'000)

8. Business segments (continued)

Other

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

The Group's total consolidated assets and liabilities as at March 31, 2009 and 2008, its total consolidated operating income, expenses and net income and other related information for the three month periods then ended, by business segments, as reported to senior management, are as follows:

2009	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	25,120,158	51,496,900	34,564,997	46,454	1,178,311	112,406,820
Total liabilities	36,735,309	49,802,700	12,515,335	41,666	802,960	99,897,970
Total operating income	524,103	328,634	133,446	33,235	137,611	1,157,029
Total operating expenses	300,864	117,166	19,637	22,190	1,243	461,100
Share in losses of an associate					1,100	1,100
Net income for the year	223,239	211,468	113,809	11,045	135,268	694,829
Provision for credit losses, net	(8,813)	63,534	-	-	-	54,721
Impairment of other financial assets	-	-	18,750	-	-	18,750
Depreciation	23,123	391	228	448	20,209	44,399

2008	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	24,758,894	43,874,071	34,011,542	20,333	1,299,314	103,964,154
Total liabilities	33,913,321	47,186,735	11,360,428	121,121	296,494	92,878,099
Total operating income	633,935	280,398	(34,675)	61,956	103,995	1,045,609
Total operating expenses	330,353	(4,138)	20,061	25,137	2,011	373,424
Net income for the year	303,582	284,536	(54,736)	36,819	101,984	672,185
Provision for credit losses, net	68,414	(53,417)	-	-	-	14,997
Impairment of other financial assets	-	-	163,279	-	-	163,279
Depreciation	17,620	334	192	1,236	15,700	35,082

9. Share capital and earnings per share

At March 31, 2009, the Bank has 650 million shares issued and outstanding. Furthermore, during the period ended March 31, 2008, 195 million shares of SAR 10 each were issued after approval by the shareholders at their extraordinary general assembly meeting held on March 16, 2008.

Basic and diluted earnings per share for the periods ended March 31, 2009 and 2008 are calculated by dividing the net income for the period by 650 million shares to give a retroactive effect of the change in the number of shares as a result of the 2008 bonus share issue.

ARAB NATIONAL BANK – Saudi Joint Stock Company
Notes To The Interim Condensed Consolidated Financial Statements (continued)
For the three months ended March 31, 2009 and 2008
(SAR'000)

10. Capital Adequacy

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

Capital Adequacy Ratios				
Particulars	Total capital ratio	Tier 1 capital ratio	Total capital ratio	Tier 1 capital ratio
	%	%	%	%
	2009		2008	
Top consolidated level	15.07	12.10	14.19	11.04