



**KPMG Al Fozan & Partners**  
**Certified Public Accountants**

## **Report on Review of Interim Condensed Consolidated Financial Statements**

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

### **Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Arab National Bank (the “Bank”) and its subsidiaries (collectively referred to as “the Group”) as of June 30, 2016, the related interim consolidated statements of income and comprehensive income for the three and six month periods then ended, the related interim consolidated statements of changes in equity and cash flows for the six month period then ended and the notes from (1) to (18) which form an integral part of these interim condensed consolidated financial statements. We have neither reviewed note (18), nor the information related to “Disclosures under BASEL III framework” cross referenced therein, which is not required to be within the scope of our review. The Bank’s management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with applicable Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency (“SAMA”) and International Accounting Standard No. 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

### **Scope of Review**

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

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with applicable Accounting Standards for Financial Institutions issued by SAMA and with International Accounting Standard No. 34.

**Report on Review of Interim Condensed Consolidated Financial Statements (continued)**

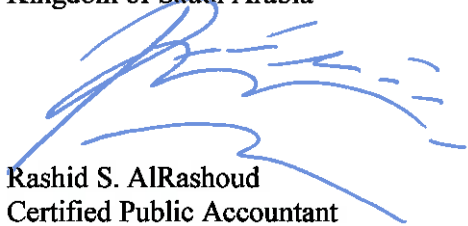
To the Shareholders of Arab National Bank  
(A Saudi Joint Stock Company) (continued)

**Other Regulatory Matters**

As required by SAMA, certain capital adequacy information has been disclosed in note (15) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (15) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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26 Shawwal 1437H  
(31 July 2016)

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**(SAR'000)**

As at	Notes	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
<b>ASSETS</b>				
Cash and balances with SAMA		<b>11,656,065</b>	10,428,291	14,708,004
Due from banks and other financial institutions		<b>8,016,898</b>	5,575,099	2,300,349
Positive fair value derivatives	8	<b>321,910</b>	290,158	192,285
Investments, net	5	<b>23,036,993</b>	33,294,299	33,866,225
Loans and advances, net	6	<b>117,877,371</b>	115,655,825	111,489,926
Investments in associates		<b>604,172</b>	531,617	515,375
Other real estate		<b>136,634</b>	159,893	159,893
Investment property, net		<b>1,663,782</b>	1,675,866	-
Property and equipment, net		<b>1,929,364</b>	1,945,420	1,943,097
Other assets		<b>1,335,275</b>	864,805	1,250,008
<b>Total assets</b>		<b><u>166,578,464</u></b>	<u>170,421,273</u>	<u>166,425,162</u>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		<b>7,500,402</b>	5,673,113	6,390,550
Negative fair value derivatives	8	<b>409,531</b>	338,949	299,351
Customers' deposits	7	<b>129,159,477</b>	135,761,194	132,416,607
Other liabilities		<b>4,470,196</b>	4,004,894	4,207,164
Debt securities and sukuk		<b>2,015,618</b>	2,011,270	1,692,174
<b>Total liabilities</b>		<b><u>143,555,224</u></b>	<u>147,789,420</u>	<u>145,005,846</u>
<b>Equity attributed to equity holders of the Bank</b>				
Share capital	12	<b>10,000,000</b>	10,000,000	10,000,000
Statutory reserve		<b>8,732,000</b>	8,732,000	7,990,000
Other reserves		<b>(51,398)</b>	102,051	451,900
Retained earnings		<b>3,627,121</b>	2,509,946	2,938,346
Proposed dividends		-	550,000	-
<b>Total equity attributed to equity holders of the Bank</b>		<b><u>22,307,723</u></b>	<u>21,893,997</u>	<u>21,380,246</u>
Non-controlling interest		<b>715,517</b>	737,856	39,070
<b>Total equity</b>		<b><u>23,023,240</u></b>	<u>22,631,853</u>	<u>21,419,316</u>
<b>Total liabilities and equity</b>		<b><u>166,578,464</u></b>	<u>170,421,273</u>	<u>166,425,162</u>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**INTERIM CONSOLIDATED STATEMENT OF INCOME**  
**(Unaudited)**  
**(SAR'000)**

	<b>Note</b>	<b>For the three months period ended</b>		<b>For the six months period ended</b>	
		<b>June 30, 2016</b>	June 30, 2015	<b>June 30, 2016</b>	June 30, 2015
Special commission income		<b>1,426,146</b>	1,085,424	<b>2,707,443</b>	2,185,704
Special commission expense		<b>339,927</b>	115,547	<b>659,543</b>	236,184
<b>Net special commission income</b>		<b>1,086,219</b>	969,877	<b>2,047,900</b>	1,949,520
Fees and commission income, net		<b>265,465</b>	367,148	<b>567,340</b>	729,578
Exchange income, net		<b>115,813</b>	126,104	<b>245,368</b>	260,447
Unrealized (losses)/gains on FVIS financial instruments, net		<b>(5,609)</b>	373	<b>(5,813)</b>	305
Trading income/(loss), net		<b>7,781</b>	2,236	<b>7,953</b>	(7,962)
Dividend income		<b>22,260</b>	11,985	<b>29,559</b>	26,755
Gains on non-trading investments, net		<b>31</b>	-	<b>23,283</b>	467
Other operating income, net		<b>54,228</b>	24,604	<b>105,790</b>	46,443
<b>Total operating income</b>		<b>1,546,188</b>	1,502,327	<b>3,021,380</b>	3,005,553
Salaries and employee related expenses		<b>327,249</b>	321,166	<b>661,486</b>	703,213
Rent and premises related expenses		<b>39,908</b>	39,689	<b>81,867</b>	76,414
Depreciation and amortization		<b>60,600</b>	48,519	<b>118,265</b>	95,985
Other general and administrative expenses		<b>130,469</b>	131,292	<b>276,017</b>	271,869
Impairment charges for credit losses, net		<b>169,109</b>	135,754	<b>321,791</b>	272,842
Impairment charges for investments, net		<b>8,853</b>	-	<b>8,853</b>	-
<b>Total operating expenses</b>		<b>736,188</b>	676,420	<b>1,468,279</b>	1,420,323
<b>Net operating income</b>		<b>810,000</b>	825,907	<b>1,553,101</b>	1,585,230
Share in earnings of associates, net		<b>11,482</b>	9,472	<b>20,055</b>	21,259
<b>Net income for the period</b>		<b>821,482</b>	835,379	<b>1,573,156</b>	1,606,489
<b>Attributable to:</b>					
Equity holders of the Bank		<b>817,984</b>	835,311	<b>1,567,175</b>	1,605,865
Non-controlling interest		<b>3,498</b>	68	<b>5,981</b>	624
<b>Net income for the period</b>		<b>821,482</b>	835,379	<b>1,573,156</b>	1,606,489
<b>Basic and diluted earnings (in SAR per share)</b>	12	<b>0.82</b>	0.84	<b>1.57</b>	1.61

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
(Unaudited)  
(SAR'000)

	<u>For the three months period ended</u>		<u>For the six months period ended</u>	
	<u>June 30, 2016</u>	<u>June 30, 2015</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b>Net income for the period</b>	<b>821,482</b>	835,379	<b>1,573,156</b>	1,606,489
<b>Other comprehensive income:</b>				
<b>Items that are or may be reclassified to interim consolidated statement of income in subsequent periods</b>				
<b>Available for sale financial assets:</b>				
- Net changes in fair value	<b>(20,020)</b>	67,340	<b>(139,019)</b>	172,103
- Transfers to interim consolidated statement of income	<b>8,822</b>	-	<b>(14,430)</b>	(54)
<b>Cash flow hedges:</b>				
- Net changes in fair value	-	-	-	-
- Transfers to interim consolidated statement of income	-	-	-	1,019
	<b>(11,198)</b>	67,340	<b>(153,449)</b>	173,068
<b>Total comprehensive income for the period</b>	<b>810,284</b>	902,719	<b>1,419,707</b>	1,779,557
<b>Attributable to:</b>				
Equity holders of the Bank	<b>806,786</b>	902,651	<b>1,413,726</b>	1,778,933
Non-controlling interest	<b>3,498</b>	68	<b>5,981</b>	624
<b>Total comprehensive income for the period</b>	<b>810,284</b>	902,719	<b>1,419,707</b>	1,779,557

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**For the six months ended June 30, 2016 and 2015**  
**(Unaudited)**  
**(SAR'000)**

	Note	Attributable to equity holders of the Bank							Non-controlling interest	Total equity
		Share capital	Statutory reserve	Available for sale financial assets	Cash flow hedges	Retained earnings	Proposed dividends	Total		
<b>2016</b>										
Balance at the beginning of the period		10,000,000	8,732,000	102,051	-	2,509,946	550,000	21,893,997	737,856	22,631,853
<b>Changes in equity for the period:</b>										
Net changes in fair values of available for sale investments				(139,019)	-	-	-	(139,019)	-	(139,019)
Transfers to interim consolidated statement of income				(14,430)	-	-	-	(14,430)	-	(14,430)
Net income for the period				-	-	1,567,175	-	1,567,175	5,981	1,573,156
Total comprehensive income for the period				(153,449)	-	1,567,175	-	1,413,726	5,981	1,419,707
Distributions from a subsidiary				-	-	-	-	-	(28,320)	(28,320)
2015 final dividends paid				-	-	-	(550,000)	(550,000)	-	(550,000)
2016 interim dividends	13			-	-	(450,000)	-	(450,000)	-	(450,000)
<b>Balance at the end of the period</b>		<b>10,000,000</b>	<b>8,732,000</b>	<b>(51,398)</b>	<b>-</b>	<b>3,627,121</b>	<b>-</b>	<b>22,307,723</b>	<b>715,517</b>	<b>23,023,240</b>

	Note	Attributable to equity holders of the Bank							Non-controlling interest	Total equity
		Share capital	Statutory reserve	Available for sale financial assets	Cash flow hedges	Retained earnings	Proposed dividends	Total		
<b>2015</b>										
Balance at the beginning of the period		10,000,000	7,990,000	279,851	(1,019)	1,782,481	550,000	20,601,313	38,446	20,639,759
<b>Changes in equity for the period:</b>										
Net changes in fair values of available for sale investments				172,103	-	-	-	172,103	-	172,103
Transfers to interim consolidated statement of income				(54)	1,019	-	-	965	-	965
Net income for the period				-	-	1,605,865	-	1,605,865	624	1,606,489
Total comprehensive income for the period				172,049	1,019	1,605,865	-	1,778,933	624	1,779,557
Distributions from a subsidiary				-	-	-	-	-	-	-
2014 final dividends paid				-	-	-	(550,000)	(550,000)	-	(550,000)
2015 interim dividends	13			-	-	(450,000)	-	(450,000)	-	(450,000)
<b>Balance at the end of the period</b>		<b>10,000,000</b>	<b>7,990,000</b>	<b>451,900</b>	<b>-</b>	<b>2,938,346</b>	<b>-</b>	<b>21,380,246</b>	<b>39,070</b>	<b>21,419,316</b>

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS**  
**For the six months ended**  
**(Unaudited)**  
**(SAR'000)**

	<u>Note</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
<b><u>OPERATING ACTIVITIES</u></b>			
<b>Net income for the period</b>		<b>1,573,156</b>	1,606,489
<b>Adjustments to reconcile net income to net cash used in operating activities for the period:</b>			
Accretion of discounts on non-trading investments, net		<b>(13,258)</b>	(45,087)
Gains on non-trading investments, net		<b>(23,283)</b>	(467)
Unrealized losses/(gains) on revaluation of FVIS investment,		<b>5,813</b>	(305)
Dividend income		<b>(29,559)</b>	(26,755)
Depreciation of investment property		<b>12,407</b>	-
Depreciation and amortization of property and equipment		<b>118,265</b>	95,985
Loss on disposal of property and equipment, net		<b>206</b>	1,943
Impairment charges for investments, net		<b>8,853</b>	-
Share in earnings of associates, net		<b>(20,055)</b>	(21,259)
Impairment charges for credit losses, net		<b>321,791</b>	272,842
		<b>1,954,336</b>	1,883,386
<b>Net (increase) / decrease in operating assets:</b>			
Statutory deposit with SAMA		<b>99,444</b>	(836,605)
Investments held at FVIS (including trading securities)		<b>1,313,836</b>	1,383
Positive fair value derivatives		<b>(31,751)</b>	(35,616)
Loans and advances		<b>(2,564,965)</b>	(7,571,326)
Other assets		<b>(470,471)</b>	(387,522)
Other real estate		<b>23,259</b>	(23,259)
<b>Net increase / (decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		<b>1,827,289</b>	(2,626,188)
Negative fair value derivatives		<b>70,582</b>	59,037
Customers' deposits		<b>(6,601,717)</b>	2,677,040
Other liabilities		<b>(43,852)</b>	341,551
<b>Net cash used in operating activities</b>		<b>(4,424,010)</b>	(6,518,119)
<b><u>INVESTING ACTIVITIES</u></b>			
Proceeds from sale of and matured non-trading investments		<b>20,486,651</b>	13,642,023
Purchase of non-trading investments		<b>(11,598,462)</b>	(13,326,357)
Investment in associate		<b>(52,500)</b>	-
Purchase of investment property		<b>(323)</b>	-
Purchase of property and equipment		<b>(102,535)</b>	(561,656)
Proceeds from sale of property and equipment		<b>120</b>	266,567
Dividend received		<b>29,559</b>	26,755
<b>Net cash from investing activities</b>		<b>8,762,510</b>	47,332
<b><u>FINANCING ACTIVITIES</u></b>			
Dividends paid		<b>(545,511)</b>	(545,549)
Debt securities and Sukuk		<b>4,348</b>	132
Non-controlling interest		<b>(28,320)</b>	-
<b>Net cash used in financing activities</b>		<b>(569,483)</b>	(545,417)
<b>Increase / (decrease) in cash and cash equivalents</b>		<b>3,769,017</b>	(7,016,204)
Cash and cash equivalents at the beginning of the period		<b>8,680,518</b>	16,748,786
Cash and cash equivalents at the end of the period	10	<b>12,449,535</b>	9,732,582
Special commission received during the period		<b>2,684,491</b>	2,127,045
Special commission paid during the period		<b>(655,530)</b>	(210,221)
<b><u>Supplemental non-cash information</u></b>			
Net changes in fair value of available for sale financial assets		<b>(139,019)</b>	172,103

The accompanying notes 1 to 18 form an integral part of these interim condensed consolidated financial statements.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**Notes to the Interim Condensed Consolidated Financial Statements**  
**For the six months ended June 30, 2016 and 2015**  
**(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 (corresponding to 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'ul Awwal 1, 1400H (corresponding to January 19, 1980) through its 152 branches (2015: 153 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-commission based banking products which are approved and supervised by an independent Shari'ah Board established by the Bank.

The interim condensed consolidated financial statements comprise the financial statements of the Bank and the following subsidiaries (collectively referred to as "the Group"):

**Arab National Bank Investment Company (ANB Invest)**

In accordance with the Capital Market Authority (CMA) directives, the Bank has established ANB Invest, a wholly owned subsidiary (directly and indirectly) a Saudi closed joint stock company, registered in the Kingdom under Commercial Registration No. 1010239908 issued on Shawwal 26, 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 CMA. 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. On Muharram 19, 1436 (corresponding to November 12, 2014), the subsidiary changed its legal structure from a limited liability company to a closed joint stock company. The objective of the subsidiary was amended and approved by CMA Board of Commissioners on Muharram 28, 1437 H (corresponding to November 10, 2015) through a resolution number S/1/6/14832/15 to include dealing as a principal activity.

**Arabian Heavy Equipment Leasing Company (AHEL)**

An 87.5% owned subsidiary incorporated in the Kingdom, as a Saudi closed joint stock company, under commercial registration no 1010267489 issued in Riyadh dated Jumada I 15, 1430H (corresponding to May 10, 2009). The company is engaged in the leasing of heavy equipment and operates in compliance with Shari'ah principles. The Bank started consolidating the subsidiary's financial statements effective May 10, 2009, the date the subsidiary started its operations. On May 6, 2014 the Bank increased its ownership percentage in this subsidiary from 62.5% to reach 87.5%.

**Arab Insurance Agency**

A Saudi limited liability company established during 2013 as a wholly owned subsidiary, registered in the Kingdom under the commercial registration no. 1010396423 issued in Riyadh dated Muharram 28, 1435H (corresponding to December 1, 2013). The subsidiary obtained its license from the Saudi Arabian Monetary Agency (SAMA) to start its activities on Jumada I 5, 1435H (corresponding to March 6, 2014).

**Al-Manzil Al-Mubarak Real Estate Financing Ltd.**

A wholly owned Saudi limited liability company, registered in the Kingdom under the commercial registration no. 1010199647 issued in Riyadh dated Jumada I 18, 1425H (corresponding to July 6, 2004). The subsidiary is engaged in the purchase, sale and lease of land and real estate for investment purposes.

**ANBI Business Gate Fund (the Fund)**

The Bank owns indirectly 25.47% of the Fund, which is a closed-ended private placement real estate investment fund launched on August 25, 2014 for a period of 5 years starting from date of closure of first offering on January 11, 2015. CMA has been informed of the offering of the Fund through letter number 8/14//411 dated Shawwal 9, 1435H (corresponding to August 5, 2014). The Fund's purpose is to acquire real estate assets, an income generating real estate property located in the city of Riyadh, out of which the Fund will receive rental and hotel operating income over the Fund term. The Group has significant aggregate economic interest in the Fund and manages the Fund through an agreement between Arab National Investment Company (the "Fund Manager") and the Fund Investors (the "Unitholders"). As a result, management has concluded that the Group has effective control of the Fund and started consolidating the Fund's financial statements effective December 31, 2015, the date of effective control.



**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**Notes to the Interim Condensed Consolidated Financial Statements (continued)**  
**For the six months ended June 30, 2016 and 2015**  
**(SAR'000)**

**2. Basis of preparation**

These interim condensed consolidated financial statements are prepared in accordance with the Accounting Standards for Financial Institutions promulgated by SAMA and International Accounting Standard No. 34 – “Interim Financial Reporting”. The Bank also prepares its interim condensed consolidated financial statements to comply with the Banking Control Law, provisions of the Regulations for Companies in the Kingdom of Saudi Arabia and the Bank’s by Article of Association.

The interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2015.

The preparation of interim condensed consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements for the year ended December 31, 2015.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousand, except where indicated otherwise.

**3. Basis of consolidation**

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

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The interim condensed financial statements of subsidiaries are included in the interim condensed consolidated financial statements from the date that control commences until the date that control ceases.

Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- Exposure, or rights, to variable returns from its involvement with the investee; and
- The ability to use its power over the investee to affect its returns.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- Contractual arrangements with the other vote holders of the investee;
- Rights arising from other contractual arrangements; and
- The Group’s voting rights and potential voting rights granted by equity instruments such as shares.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the interim consolidated statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

**ARAB NATIONAL BANK – Saudi Joint Stock Company**  
**Notes to the Interim Condensed Consolidated Financial Statements (continued)**  
**For the six months ended June 30, 2016 and 2015**  
**(SAR'000)**

**3. Basis of consolidation (continued)**

If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary;
- Derecognises the carrying amount of any non-controlling interests;
- Derecognises the cumulative translation differences recorded in equity;
- Recognises the fair value of the consideration received;
- Recognises the fair value of any investment retained;
- Recognises any surplus or deficit in profit or loss; and
- Reclassifies the parent's share of components previously recognised in Other Comprehensive Income to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

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 interim consolidated income statement and within equity in the interim consolidated statement of financial position, separately from the equity holders of the Bank. Any losses applicable to the non-controlling interests in a subsidiary are allocated to the non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance. 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 recognized as goodwill.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

Non-controlling interests are subsequently adjusted for their share of changes in equity of the consolidated subsidiary after the date of acquisition.

All intra-group assets and liabilities, equity, income and expenses relating to transactions between subsidiaries of the Group are eliminated in full on consolidation.

**4. Significant Accounting policies**

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2015 except for the adoption of the following new standards mentioned below which have had no significant financial impact on the interim condensed consolidated financial statements of the Group in the current or prior periods and are expected to have no significant effect in future periods:

**a) New Standards**

IFRS 14 – “Regulatory Deferral Accounts”, applicable for the annual periods beginning on or after 1 January 2016, allows an entity, whose activities are subject to rate regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first time adoption of IFRS. The standard does not apply to existing IFRS preparers. Also, an entity whose current GAAP does not allow the recognition of rate-regulated assets and liabilities, or that has not adopted such policy under its current GAAP, would not be allowed to recognise them on first-time application of IFRS.

**b) Amendments to existing standards**

Amendments to IFRS 10 – “Consolidated Financial Statements”, IFRS 12 – “Disclosure of Interests in Other Entities” and IAS 28 – “Investments in Associates”, applicable for the annual periods beginning on or after 1 January 2016, address three issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Furthermore, only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

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**4. Significant Accounting policies (continued)**

**b) Amendments to existing standards (continued)**

Amendments to IFRS 11 – “Joint Arrangements”, applicable for the annual periods beginning on or after 1 January 2016, require an entity acquiring an interest in a joint operation, in which the activity of the joint operation constitutes a business, to apply, to the extent of its share, all of the principles in IFRS 3 – “Business Combinations” and other IFRSs that do not conflict with the requirements of IFRS 11 Joint Arrangements. Furthermore, entities are required to disclose the information required by IFRS 3 and other IFRSs for business combinations. The amendments also apply to an entity on the formation of a joint operation if, and only if, an existing business is contributed by one of the parties to the joint operation on its formation. Furthermore, the amendments clarify that, for the acquisition of an additional interest in a joint operation in which the activity of the joint operation constitutes a business, previously held interests in the joint operation must not be remeasured if the joint operator retains joint control.

Amendments to IAS 1 – “Presentation of Financial Statements”, applicable for the annual periods beginning on or after 1 January 2016, clarify, existing IAS 1 requirements in relation to:

- The materiality requirements in IAS 1
- That specific line items in the statement(s) of profit or loss and other comprehensive income (“OCI”) and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

The amendments further clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI.

Annual improvements to IFRS 2012-2014 cycle applicable for annual periods beginning on or after 1 January 2016. A summary of the amendments is as follows:

- IFRS 5 – “Non-current Assets Held for Sale and Discontinued Operations”.
- IFRS 7 – “Financial Instruments: Disclosures” has been amended to clarify that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. The nature of the fee and the arrangement should be assessed in order to consider whether the disclosures are required under IFRS 7 and the assessment must be done retrospectively. IFRS 7 has been further amended to clarify that the offsetting disclosure requirements do not apply to interim condensed financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report.
- IAS 19 – “Employee Benefits” – amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- IAS 34 – “Interim Financial Reporting” – amendment clarifies that the required interim disclosures must be either in the interim financial statements or incorporated by cross-referencing to the interim financial report (e.g., in the management commentary or risk report). However, the other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time.

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**5. Investments, net**

Investments are classified as follows:

	<b>June 30, 2016</b> <b>(Unaudited)</b>	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Trading securities	<b>198</b>	1,312,480	-
Designated as fair value through income statement (FVIS)	<b>710</b>	8,077	13,457
Available for sale	<b>9,819,858</b>	11,226,490	11,601,011
Held at amortized cost, net	<b>13,216,227</b>	20,747,252	22,251,757
<b>Total</b>	<b>23,036,993</b>	33,294,299	33,866,225

**6. Loans and advances, net**

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

	<b>June 30, 2016</b> <b>(Unaudited)</b>	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Commercial loans and overdrafts	<b>92,031,959</b>	89,815,308	86,350,575
Consumer loans	<b>27,083,779</b>	26,957,177	26,128,819
Credit cards	<b>458,255</b>	415,931	386,056
Performing loans and advances	<b>119,573,993</b>	117,188,416	112,865,450
Non-performing loans and advances, net	<b>904,809</b>	1,229,583	1,174,189
Gross loans and advances	<b>120,478,802</b>	118,417,999	114,039,639
Impairment charges for credit losses, net	<b>(2,601,431)</b>	(2,762,174)	(2,549,713)
<b>Loans and advances, net</b>	<b>117,877,371</b>	115,655,825	111,489,926

**7. Customers' deposits**

	<b>June 30, 2016</b> <b>(Unaudited)</b>	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Demand	<b>65,320,903</b>	66,264,114	75,482,004
Time	<b>60,407,117</b>	63,902,499	52,051,009
Saving	<b>81,614</b>	107,820	114,300
Other	<b>3,349,843</b>	5,486,761	4,769,294
<b>Total</b>	<b>129,159,477</b>	135,761,194	132,416,607

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**8. Derivatives**

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

	June 30, 2016 (Unaudited)			December 31, 2015 (Audited)			June 30, 2015 (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
<b>Held for trading:</b>									
Commission rate and cross currency swaps	62,957	54,381	7,509,440	29,825	18,952	7,483,969	37,530	30,425	7,578,132
Commission rate futures and options	18,792	13,621	3,849,904	8,169	6,879	2,261,124	12,497	10,922	2,261,814
Forward foreign exchange and commodity contracts	114,023	85,185	15,996,859	96,476	67,783	6,484,658	89,053	60,501	6,554,246
Currency and commodity options	86,388	74,722	13,381,557	145,528	136,047	16,643,582	52,261	51,307	19,800,889
<b>Held as fair value hedges:</b>									
Commission rate swaps	39,750	181,622	12,935,074	10,160	109,288	13,132,446	944	146,196	13,498,243
<b>Total</b>	<b>321,910</b>	<b>409,531</b>	<b>53,672,834</b>	<b>290,158</b>	<b>338,949</b>	<b>46,005,779</b>	<b>192,285</b>	<b>299,351</b>	<b>49,693,324</b>

Derivatives have been disclosed at gross amounts as at the date of the interim consolidated statement of financial position, and have not been netted off by cash margins amounting to SAR 130,665 thousand (December 31, 2015: SAR 69,969 thousand, and June 30, 2015: SAR 88,824 thousand).

**9. Credit related commitments and contingencies**

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

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Letters of credit	4,881,555	4,781,675	6,203,757
Letters of guarantee	25,670,743	26,656,422	26,909,299
Acceptances	1,361,755	2,168,914	2,470,876
Irrevocable commitments to extend credit	2,251,543	2,427,668	2,034,799
Other	107,093	111,731	118,138
<b>Total</b>	<b>34,272,689</b>	<b>36,146,410</b>	<b>37,736,869</b>

The unutilized portion of non-firm commitments as at June 30, 2016 which can be revoked unilaterally at any time by the Bank, amounts SAR 18,250 million (December 31, 2015: SAR 21,517 million and June 30, 2015: SAR 24,484 million).

**10. Cash and cash equivalents**

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

	June 30, 2016 (Unaudited)	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	4,432,637	3,105,419	7,432,233
Due from banks and other financial institutions maturing within 90 days of the acquisition date	8,016,898	5,575,099	2,300,349
<b>Total</b>	<b>12,449,535</b>	<b>8,680,518</b>	<b>9,732,582</b>

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**11. Operating segments**

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the chief executive officer in order to allocate resources to segments and to assess its performance.

For management purposes, 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**

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

**Investment and brokerage services**

Investment management services and asset management activities related to dealing, managing, arranging and 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.

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

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**11. Operating segments (continued)**

The Group's total interim consolidated assets and liabilities as at June 30, 2016 and 2015, its total interim consolidated operating income, expenses and net income for the six months then ended, by operating segments, are as follows:

June 30, 2016 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	41,455,899	82,132,933	39,277,513	1,753,922	1,958,197	166,578,464
Investments in associates	-	-	-	-	604,172	604,172
Total liabilities	69,100,473	64,065,892	9,626,542	164,586	597,731	143,555,224
Operating income / (loss) from external customers	1,161,967	1,810,467	(104,555)	70,265	83,236	3,021,380
Intersegment operating income/(expense)	(73,825)	(758,134)	749,769	3	82,187	-
Total operating income	1,088,142	1,052,333	645,214	70,268	165,423	3,021,380
Impairment charges for credit losses, net	184,184	137,607	-	-	-	321,791
Impairment charges for investments, net	-	-	8,853	-	-	8,853
Depreciation and amortization	66,573	1,669	1,782	1,990	46,251	118,265
Total operating expenses	907,797	405,981	63,683	46,635	44,183	1,468,279
Share in earnings of associates, net	-	-	-	-	20,055	20,055
Net income attributed to non-controlling interest	-	-	-	-	5,981	5,981
Net income attributed to equity holders of the Bank	180,342	646,354	581,531	23,633	135,315	1,567,175

June 30, 2015 (Unaudited)	Retail banking	Corporate banking	Treasury	Investment and brokerage services	Other	Total
Total assets	38,725,014	78,897,809	45,381,160	310,578	3,110,601	166,425,162
Investments in associates	-	-	-	-	515,375	515,375
Total liabilities	74,926,855	61,536,162	8,183,325	41,702	317,802	145,005,846
Operating income from external customers	1,206,594	1,446,706	206,673	76,047	69,533	3,005,553
Intersegment operating income/(expense)	16,118	(301,640)	233,550	(6)	51,978	-
Total operating income	1,222,712	1,145,066	440,223	76,041	121,511	3,005,553
Impairment charges for credit losses, net	138,916	133,926	-	-	-	272,842
Impairment charges for investments, net	-	-	-	-	-	-
Depreciation and amortization	58,803	1,000	1,735	2,019	32,428	95,985
Total operating expenses	885,483	405,815	48,558	39,789	40,678	1,420,323
Share in earnings of associates, net	-	-	-	-	21,259	21,259
Net income attributed to non-controlling interest	-	-	-	-	624	624
Net income attributed to equity holders of the Bank	337,229	739,251	391,665	36,252	101,468	1,605,865

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**12. Share capital and earnings per share**

At June 30, 2016, the Bank has 1,000 million shares of SAR 10 each issued and outstanding (December 31, 2015 and June 30, 2015: the same).

Basic and diluted earnings per share for the periods ended June 30, 2016 and 2015 are calculated by dividing the net income for the period attributable to equity holders of the Bank by 1,000 million shares. The diluted earnings per share is the same as the basic earnings per share.

**13. Interim Dividend**

The Board of Directors has approved an interim dividend of SAR 450 million for distribution to the shareholders from the net income for the period ended 30 June 2016 (30 June 2015: SAR 450 million). This interim dividend resulted in a payment to the shareholders of SAR 0.45 per share, net.

**14. Fair values of financial assets and liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- i) In the accessible principal market for the asset or liability; or
- ii) In the absence of a principal market, in the most advantageous accessible market for the asset or liability.

The fair values of on-balance sheet financial instruments are not significantly different from their carrying amounts included in the interim condensed consolidated financial statements.

**Determination of fair value and fair value hierarchy**

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.

**a. Carrying amounts and fair value**

The following table shows the carrying amount and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

**Financial assets**

<b>June 30, 2016 (Unaudited)</b>	<b>Carrying value</b>	<b>Fair value</b>			<b>Total</b>
		<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	
<b>Financial assets measured at fair value</b>					
Trading securities	<b>198</b>	<b>198</b>	-	-	<b>198</b>
Designated as FVIS investments	<b>710</b>	-	<b>710</b>	-	<b>710</b>
Available for sale investments	<b>9,819,858</b>	<b>8,196,002</b>	<b>1,596,989</b>	<b>26,867</b>	<b>9,819,858</b>
Positive fair value derivatives	<b>321,910</b>	-	<b>321,910</b>	-	<b>321,910</b>
<b>Financial assets not measured at fair value</b>					
Due from banks and other financial institutions	<b>8,016,898</b>	-	-	-	<b>8,016,898</b>
Other investments held at amortised cost	<b>13,216,227</b>	-	-	-	<b>12,980,255</b>
Loans and advances	<b>117,877,371</b>	-	-	-	<b>119,135,610</b>



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**14. Fair values of financial assets and liabilities (continued)**

**a. Carrying amounts and fair value (continued)**

December 31, 2015 (Audited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial assets measured at fair value					
Trading securities	1,312,480	1,312,480	-	-	1,312,480
Designated as FVIS investments	8,077	-	8,077	-	8,077
Available for sale investments	11,226,490	9,486,872	1,653,824	85,794	11,226,490
Positive fair value derivatives	290,158	-	290,158	-	290,158
Financial assets not measured at fair value					
Due from banks and other financial institutions	5,575,099	-	-	-	5,575,099
Other investments held at amortised cost	20,747,252	-	-	-	20,658,874
Loans and advances	115,655,825	-	-	-	117,035,320

**Financial Liabilities**

June 30, 2016 (Unaudited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
<b>Financial liabilities measured at fair value</b>					
Negative fair value derivatives	<b>409,531</b>	-	<b>409,531</b>	-	<b>409,531</b>
<b>Financial liabilities not measured at fair value</b>					
Due to banks and other financial institutions	<b>7,500,402</b>	-	-	-	<b>7,500,402</b>
Customers' Deposits	<b>129,159,477</b>	-	-	-	<b>129,159,477</b>
Sukuk	<b>2,015,618</b>	-	-	-	<b>1,810,126</b>

December 31, 2015 (Audited)	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
Financial liabilities measured at fair value					
Negative fair value derivatives	338,949	-	338,949	-	338,949
Financial liabilities not measured at fair value					
Due to banks and other financial institutions	5,673,113	-	-	-	5,673,113
Customers' Deposits	135,761,194	-	-	-	135,761,194
Sukuk	2,011,270	-	-	-	1,806,566

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**14. Fair values of financial assets and liabilities (continued)**

**b. Measurement of fair values**

**i. Valuation technique and significant unobservable inputs**

The following table shows the valuation techniques used in measuring level 2 and Level 3 fair values at June 30, 2016 and 31 December 2015, as well as the significant unobservable inputs used.

<b>Type</b>	<b>Valuation technique</b>	<b>Significant unobservable inputs</b>	<b>Inter-relationship between significant unobservable inputs and fair value measurement</b>
Financial assets designated at FVIS	Fair value is determined based on the funds' most recent reported Net Asset Values (NAV).	None	Not applicable
Available for sale investments classified as Level 2 include plain vanilla bonds for which market quotes are not available.	Fair valued using simple discounted cash flow techniques that use observable market data inputs for yield curves and credit spreads.	None	Not applicable
Available for sale investments classified as Level 3 include Private Equity Funds	Fair value is determined based on the funds' most recent reported Net Asset Values (NAV).	None	Not applicable
Forward exchange contracts and interest rate swaps	The fair values are based on market quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	None	Not applicable
Corporate debt securities	The fair values are based on either quoted market prices wherever available or relevant and observable market in-puts like CDS spread, zero rate curves etc.	10bps are added to the CDS spread to account for any potential model discrepancy or any stressed market conditions	Higher the spread, lower the valuation will be and vice-versa

**ii. Transfer between levels of the fair value hierarchy**

There have been no transfers between levels of the fair value hierarchy during the six months period ended June 30, 2016 and 2015.

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**14. Fair values of financial assets and liabilities (continued)**

**b. Measurement of fair values (continued)**

**iii. Level 3 fair values**

**Reconciliation of Level 3 fair values**

**Financial investments designated as available for sale:**

The following table shows a reconciliation from the opening balances to the closing balances for Level 3 fair values.

	<b>June 30, 2016</b> <b>(Unaudited)</b>	June 30, 2015 (Unaudited)
Balance at the beginning of the period	<b>85,794</b>	89,594
Total (losses) gains in other comprehensive income	<b>(7,190)</b>	4,386
Purchases	-	242,000
Settlements	<b>(51,737)</b>	(4,342)
Balance at the end of the period	<b>26,867</b>	331,638

**15. 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. During the period, the Group has fully complied with regular capital requirements.

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 consolidated statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk.

SAMA has issued the framework and guidance regarding implementation of the capital reforms under Basel III – which are effective starting January 1, 2013. Accordingly, the Group's pillar I consolidated Risk Weighted Assets (RWA), total capital and related ratios on a consolidated group, are as follows:

	<b>June 30, 2016</b> <b>(Unaudited)</b>	December 31, 2015 (Audited)	June 30, 2015 (Unaudited)
Credit Risk RWA	<b>148,416,759</b>	142,486,825	139,789,708
Operational Risk RWA	<b>12,633,999</b>	12,021,912	11,524,634
Market Risk RWA	<b>2,039,174</b>	1,971,389	369,987
<b>Total Pillar-I RWA</b>	<b>163,089,932</b>	156,480,126	151,684,329
Tier I Capital	<b>22,307,723</b>	21,343,997	21,380,246
Tier II Capital	<b>2,881,451</b>	2,840,238	1,111,652
<b>Total Tier I &amp; II Capital</b>	<b>25,189,174</b>	24,184,235	22,491,898

**Capital Adequacy Ratio %**

Tier I ratio	<b>13.68%</b>	13.64%	14.10%
Tier I + Tier II ratio	<b>15.44%</b>	15.46%	14.83%

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 as adopted by the SAMA in supervising the Bank.

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**16. Comparative figures**

During the current period, accrued special commission income and accrued special commission expense relating to prior periods have been reclassified to their respective financial assets and liabilities in the interim consolidated statement of financial position to conform to the current period's presentation. Derivative financial instruments previously classified within other assets and other liabilities have now been disclosed separately on the interim consolidated statement of financial position. There is no impact of these reclassifications on the current and prior periods' interim consolidated income statements.

The impact of these reclassifications on the interim condensed consolidated financial statements is disclosed below.

	As originally reported	Reclassification	Amounts reported after reclassification
<b>December 31, 2015 (Audited)</b>			
<b>Assets</b>			
Due from banks and other financial institutions	5,575,020	79	5,575,099
Investments, net	33,239,175	55,124	33,294,299
Loans and advances, net	115,144,322	511,503	115,655,825
Other assets	1,431,511	(566,706)	864,805
	<u>155,390,028</u>	<u>-</u>	<u>155,390,028</u>
<b>Liabilities</b>			
Due to banks and other financial institutions	5,672,883	230	5,673,113
Customers' deposits	135,686,539	74,655	135,761,194
Other liabilities	4,091,049	(86,155)	4,004,894
Debt securities and sukuk	2,000,000	11,270	2,011,270
	<u>147,450,471</u>	<u>-</u>	<u>147,450,471</u>
<b>June 30, 2015 (Unaudited)</b>			
<b>Assets</b>			
Due from banks and other financial institutions	2,300,314	35	2,300,349
Positive fair value derivatives	-	192,285	192,285
Investments, net	33,810,707	55,518	33,866,225
Loans and advances, net	110,971,312	518,614	111,489,926
Other assets	2,016,460	(766,452)	1,250,008
	<u>149,098,793</u>	<u>-</u>	<u>149,098,793</u>
<b>Liabilities</b>			
Due to banks and other financial institutions	6,390,275	275	6,390,550
Negative fair value derivatives	-	299,351	299,351
Customers' deposits	132,306,424	110,183	132,416,607
Other liabilities	4,621,647	(414,483)	4,207,164
Debt securities in issue	1,687,500	4,674	1,692,174
	<u>145,005,846</u>	<u>-</u>	<u>145,005,846</u>

**RAB NATIONAL BANK – Saudi Joint Stock Company**  
**Notes to the Interim Condensed Consolidated Financial Statements (continued)**  
**For the six months ended June 30, 2016 and 2015**  
**(SAR'000)**

**17. Board of Directors' approval**

The interim condensed consolidated financial statements were approved by the Board on Shawwal 20, 1437 (corresponding to July 25, 2016).

**18. Disclosures under BASEL III framework (unaudited / unreviewed)**

Certain qualitative and quantitative disclosures are required under the Basel III framework. These disclosures will be made available on the Bank's website [www.anb.com.sa](http://www.anb.com.sa) within prescribed time as required by SAMA. Such disclosures are not subject to audit or review by the external auditors of the Bank.