



Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Arab National Bank (the "Bank") and its subsidiaries (collectively referred to as "the Group") as at September 30, 2011, the related interim consolidated statements of income and comprehensive income for the three month and nine month periods ended September 30, 2011, the related interim consolidated statements of changes in equity and cash flows for the nine month period then ended and the notes from (1) to (12) for the nine month period then ended. The Bank's management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with applicable Accounting Standards for Financial Institutions and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency ("SAMA") and with International Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

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

Conclusion

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

Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in note (12) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (12) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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

As at	September 30, 2011 (Unaudited) Note	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
	SAR'000	SAR'000	SAR'000
ASSETS			
Cash and balances with SAMA	11,960,044	11,997,395	10,360,586
Due from banks and other financial institutions	1,916,957	1,380,666	3,955,957
Investments, net	4 26,813,874	32,841,033	17,537,224
Loans and advances, net	5 71,692,973	66,202,951	65,282,560
Investment in an associate	341,369	327,249	323,262
Other real estate	127,095	100,263	100,263
Property and equipment, net	1,192,048	1,260,752	1,293,721
Other assets	2,622,810	1,924,456	2,521,167
Total assets	116,667,170	116,034,765	101,374,740
LIABILITIES AND EQUITY			
Liabilities			
Due to banks and other financial institutions	9,989,686	12,096,804	3,371,306
Customers' deposits	6 85,771,092	84,198,613	77,379,765
Other liabilities	2,545,164	2,655,164	3,080,365
Debt securities in issue	1,687,500	1,687,500	1,687,500
Total liabilities	99,993,442	100,638,081	85,518,936
Equity attributed to equity holders of the Bank			
Share capital	11 8,500,000	6,500,000	6,500,000
Statutory reserve	5,480,000	5,480,000	5,000,000
Other reserves	78,420	(44,866)	373,485
Retained earnings	2,508,893	2,705,637	3,875,270
Proposed Dividend	-	650,000	-
Total equity attributed to equity holders of the Bank	16,567,313	15,290,771	15,748,755
Non-controlling interest	106,415	105,913	107,049
Total equity	16,673,728	15,396,684	15,855,804
Total liabilities and equity	116,667,170	116,034,765	101,374,740

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

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
	<u>Note</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Special commission income	840,935	843,827	2,590,386	2,573,553
Special commission expense	58,649	64,574	208,679	215,932
Net special commission income	782,286	779,253	2,381,707	2,357,621
Fees from banking services, net	186,386	118,262	549,538	402,944
Exchange income, net	86,170	74,260	243,843	243,082
(Loss) income from FVIS financial instruments, net	(820)	2,700	2,755	6,096
Trading income, net	34,815	37,213	81,068	54,982
Gains and impairment of non -trading investments, net	16,170	82,654	33,038	191,029
Dividend income	13,943	14,443	30,820	33,794
Other operating income	27,116	20,718	95,556	79,526
Total operating income	1,146,066	1,129,503	3,418,325	3,369,074
Salaries and employee related expenses	244,823	230,428	773,522	687,686
Rent and premises related expenses	32,392	32,767	92,797	94,010
Depreciation and amortization	45,989	51,380	141,531	154,218
Other general and administrative expenses	111,011	95,848	299,208	281,042
Provision for credit losses, net	198,599	377,266	321,629	553,550
Total operating expenses	632,814	787,689	1,628,687	1,770,506
Net operating income	513,252	341,814	1,789,638	1,598,568
Share in profits of an associate	5,726	3,453	14,120	8,613
Net income for the period	518,978	345,267	1,803,758	1,607,181
Loss (income) attributed to non-controlling interest	198	1,242	(502)	2,451
Net income attributed to equity holders of the Bank	519,176	346,509	1,803,256	1,609,632
Basic and fully diluted earnings (in SAR per share)	0.61	0.41	2.12	1.89

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

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

	<u>For the three months ended</u>		<u>For the nine months ended</u>	
	Sept 30, 2011	Sept 30, 2010	Sept 30, 2011	Sept 30, 2010
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	<u>518,978</u>	<u>345,267</u>	<u>1,803,758</u>	<u>1,607,181</u>
Other comprehensive income:				
Available for sale investments				
- Net changes in fair value	(69,590)	383,344	179,344	651,765
- Transfer to interim consolidated income statement	(22,352)	(86,278)	(44,041)	(193,584)
Cash flows hedges				
- Net changes in fair value	(417)	(17,591)	25,843	3,984
- Transfer to interim consolidated income statement	(2,906)	(34,189)	(37,860)	(41,809)
	<u>(95,265)</u>	<u>245,286</u>	<u>123,286</u>	<u>420,356</u>
Total comprehensive income for the period	<u>423,713</u>	<u>590,553</u>	<u>1,927,044</u>	<u>2,027,537</u>
Attributable to:				
Equity holders of the bank	423,911	591,795	1,926,542	2,029,988
Non-controlling interest	(198)	(1,242)	502	(2,451)
Total comprehensive income for the period	<u>423,713</u>	<u>590,553</u>	<u>1,927,044</u>	<u>2,027,537</u>

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

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

Attributable to equity holders of the Bank

<u>2011</u>	Note	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Total	Non-controlling interest	Total equity
		SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Balance at beginning of the period		6,500,000	5,480,000	(44,866)	2,705,637	650,000	15,290,771	105,913	15,396,684
Net changes in fair value of cash flow hedges				25,843	-	-	25,843	-	25,843
Net changes in fair value of available for sale investments				179,344	-	-	179,344	-	179,344
Transfers to interim consolidated income statement				(81,901)	-	-	(81,901)	-	(81,901)
Net income recognized directly in equity				123,286	-	-	123,286	-	123,286
Net income for the period				-	1,803,256	-	1,803,256	502	1,803,758
Total recognized income for the period				123,286	1,803,256	-	1,926,542	502	1,927,044
Bonus share issue	11	2,000,000	-	-	(2,000,000)	-	-	-	-
2010 final dividend		-	-	-	-	(650,000)	(650,000)	-	(650,000)
Balance at end of the period		8,500,000	5,480,000	78,420	2,508,893	-	16,567,313	106,415	16,673,728
<u>2010</u>		Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividend	Total	Non-controlling interest	Total equity
		SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000	SAR'000
Balance at beginning of the period		6,500,000	5,000,000	(46,871)	2,265,638	650,000	14,368,767	109,500	14,478,267
Net changes in fair value of cash flow hedges				3,984	-	-	3,984	-	3,984
Net changes in fair value of available for sale investments				651,765	-	-	651,765	-	651,765
Transfers to interim consolidated income statement				(235,393)	-	-	(235,393)	-	(235,393)
Net expenses recognized directly in equity				420,356	-	-	420,356	-	420,356
Net income for the period				-	1,609,632	-	1,609,632	(2,451)	1,607,181
Total recognized income for the period				420,356	1,609,632	-	2,029,988	(2,451)	2,027,537
2009 final dividend		-	-	-	-	(650,000)	(650,000)	-	(650,000)
Balance at end of the period		6,500,000	5,000,000	373,485	3,875,270	-	15,748,755	107,049	15,855,804

The accompanying notes 1 to 12 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 nine months ended
(Unaudited)

	Note	Sept 30, 2011 SAR'000	Sept 30, 2010 SAR'000
<u>OPERATING ACTIVITIES</u>			
Net income for the period		1,803,758	1,607,181
Adjustments to reconcile net income to net cash used in operating activities:			
(Accretion of discounts) amortization of premium on non-trading investments, net		(10,770)	23,056
Gains and impairment on non-trading investments, net		(33,038)	(191,029)
Depreciation and amortization		141,531	154,218
Gains on disposal of property and equipment, net		(11,962)	(2,476)
Share in profits of an associate		(14,120)	(8,613)
Provision for credit losses, net		321,629	553,550
		2,197,028	2,135,887
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		(354,073)	12,091
Due from banks and other financial institutions maturing after ninety days of the acquisition date		75,457	1,652,998
Loans and advances		(5,830,772)	981,791
Other real estate		(26,832)	729
Other assets		(747,295)	(407,660)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		(2,107,118)	(5,342,922)
Customers' deposits		1,572,479	(5,300,475)
Other liabilities		(58,456)	276,505
Net cash used in operating activities		(5,279,582)	(5,991,056)
<u>INVESTING ACTIVITIES</u>			
Proceeds from sales of and matured non-trading investments		106,816,034	55,774,194
Purchase of non-trading investments		(100,604,071)	(49,492,512)
Purchase of property and equipment		(95,442)	(218,701)
Proceeds from sale of property and equipment		34,577	12,919
Net cash from investing activities		6,151,098	6,075,900
<u>FINANCING ACTIVITIES</u>			
Dividends paid		(651,192)	(643,090)
Net cash used in financing activities		(651,192)	(643,090)
Increase (decrease) in cash and cash equivalents		220,324	(558,246)
Cash and cash equivalents at the beginning of the period		9,162,764	10,819,049
Cash and cash equivalents at the end of the period	9	9,383,088	10,260,803
Special commission received during the period		2,602,262	2,690,626
Special commission paid during the period		(227,833)	(173,809)
<u>Supplemental non cash information</u>			
Net changes in fair value and transfer to interim consolidated income statement		123,286	420,356

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

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

1. General

Arab National Bank (a Saudi Joint Stock Company, the Bank) was formed pursuant to Royal Decree No. M/38 dated Rajab 18,1399H (June 13, 1979). The Bank commenced business on February 2, 1980 by taking over the operations of Arab Bank Limited in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010027912 dated Rabi Awal 1, 1400H (January 19, 1980) through 142 branches (2010: 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 its customers non-interest based banking products which are approved and supervised by an independent Shariah Board established by the Bank.

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

Arab National Bank Investment Company (ANB Invest)

In accordance with the Capital Market Authority directives, the Bank has established a wholly owned subsidiary (directly and indirectly) "ANB Invest", a Saudi limited liability company, registered in the Kingdom of Saudi Arabia under commercial registration No. 1010239908 issued on 26 Shawal 1428H (corresponding to November 7, 2007), to takeover and manage the Bank's investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the Capital Market Authority. The subsidiary commenced its operations effective on Muharram 3, 1429H (corresponding to January 12, 2008). Accordingly, the Bank started consolidating the financial statements of the above mentioned subsidiary effective January 12, 2008.

Arabian Heavy Equipment Leasing Company (AHEL)

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

2. Basis of preparation

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

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

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

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

2. Basis of preparation (continued)

Basis of consolidation

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

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

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

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

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

3. Accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used for the year ended December 31, 2010 except for the adoption of following amendments and revisions to existing standards mentioned below which have had no financial impact on the interim condensed consolidated financial statements of the Group:

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

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

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

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

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

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

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

- IFRS 7 - Financial Instruments: Disclosures
- IAS 27 - Consolidated and Separate Financial Statement
- IAS 32 - Financial Instruments: Presentation.

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

4. Investments, net

Investment securities are classified as follows:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Held at fair value through income statement (FVIS)	82,445	1,286,730	180,852
Available for sale	11,199,958	18,050,950	7,470,182
Held at amortized cost, net	15,531,471	13,503,353	9,886,190
Total	<u>26,813,874</u>	<u>32,841,033</u>	<u>17,537,224</u>

5. Loans and advances, net

Loans and advances comprise the following:

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Commercial loans and overdrafts	52,306,356	47,917,330	46,934,829
Consumer loans	19,393,230	17,768,342	17,607,343
Credit cards	529,815	682,343	740,907
Performing loans and advances	72,229,401	66,368,015	65,283,079
Non-performing loans and advances, net	1,882,420	2,029,425	1,886,006
Gross loans and advances	74,111,821	68,397,440	67,169,085
Provision for credit losses, net	(2,418,848)	(2,194,489)	(1,886,525)
Loans and advances, net	<u>71,692,973</u>	<u>66,202,951</u>	<u>65,282,560</u>

6. Customers' deposits

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Demand	46,622,667	41,959,177	38,696,888
Time	36,426,860	38,842,104	36,271,262
Saving	120,107	97,258	97,424
Others	2,601,458	3,300,074	2,314,191
Total	<u>85,771,092</u>	<u>84,198,613</u>	<u>77,379,765</u>

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

7. Derivatives

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

	September 30, 2011 (Unaudited)			December 31, 2010 (Audited)			September 30, 2010 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional Amount
Derivatives held for trading:									
Commission rate swaps	159,212	148,831	8,380,940	206,348	189,648	12,705,460	190,632	173,569	13,131,492
Forward foreign exchange contracts	103,839	78,017	10,757,579	150,375	107,094	14,189,189	152,176	86,886	13,582,859
Currency options	7,005	4,279	3,356,917	3,938	8,611	1,023,335	4,054	3,513	585,868
Derivatives held as fair value hedges:									
Commission rate swaps	-	189,168	6,017,040	-	162,491	4,597,558	-	205,295	4,644,380
Derivatives held as cash flow hedges:									
Commission rate swaps	22,608	3,634	1,113,750	-	399	56,250	7,836	-	425,000
Total	292,664	423,929	29,626,226	360,661	468,243	32,571,792	354,698	469,263	32,369,599

8. Credit related commitments and contingencies

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

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Letters of credit	6,524,528	5,034,121	4,924,650
Letters of guarantee	19,134,731	16,996,550	16,469,431
Acceptances	2,180,253	1,413,799	1,308,209
Irrevocable commitments to extend credit	1,989,234	3,026,981	2,381,585
Other	275,085	275,085	253,814
Total	30,103,831	26,746,536	25,337,689

9. Cash and cash equivalents

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

	September 30, 2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	7,466,131	7,857,555	6,381,223
Due from banks and other financial institutions maturing within ninety days of the acquisition date	1,916,957	1,305,209	3,879,580
Total	9,383,088	9,162,764	10,260,803

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

10. Business segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch located in London, UK (the "branch"). However, the total assets, liabilities, commitments and results of operations of the branch are not material to the Group's overall interim condensed consolidated financial statements. All operating segments used by the Group meet the definition of reportable segments under IFRS 8.

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

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

Retail banking

Deposit, credit and investment products for individuals.

Corporate banking

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

Treasury banking

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

Investment and brokerage services

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

Other

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

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

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

10 Business segments (continued)

September 30, 2011 (Unaudited)						
	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	26,639,841	49,257,709	37,882,782	47,856	2,838,982	116,667,170
Total liabilities	45,744,677	42,146,627	11,691,179	33,318	377,641	99,993,442
Total operating income	1,641,599	1,078,525	304,294	96,988	296,919	3,418,325
Total operating expenses	1,018,765	461,037	62,251	63,082	23,552	1,628,687
Share in profits of an associate	-	-	-	-	14,120	14,120
Income attributed to non-controlling interest	-	-	-	-	(502)	(502)
Provision for credit losses, net	119,618	202,011	-	-	-	321,629
Depreciation and amortization	126,980	2,633	3,136	7,217	1,565	141,531
Net income for the period	622,834	617,488	242,043	33,906	286,985	1,803,256
September 30, 2010 (Unaudited)						
	Retail banking	Corporate banking	Treasury banking	Investment and brokerage services	Other	Total
Total assets	24,977,000	44,157,695	29,591,512	37,703	2,610,830	101,374,740
Total liabilities	40,708,242	38,156,332	6,330,630	37,085	286,647	85,518,936
Total operating income	1,587,724	913,337	439,825	70,277	357,911	3,369,074
Total operating expenses	893,539	758,087	53,748	56,994	8,138	1,770,506
Share in profits of an associate	-	-	-	-	8,613	8,613
Loss attributed to non-controlling interest	-	-	-	-	2,451	2,451
Provision for credit losses, net	(25,815)	579,365	-	-	-	553,550
Impairment of other financial assets	-	2,543	42,105	-	-	44,648
Depreciation and amortization	139,890	3,029	1,488	8,428	1,383	154,218
Net income for the period	694,185	155,250	386,077	13,283	360,837	1,609,632

ARAB NATIONAL BANK – Saudi Joint Stock Company
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For the nine months ended September 30, 2011 and 2010
(SAR'000)

11. Share capital and earnings per share

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

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

12. Capital Adequacy

The Group'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 following table showing for the Bank's pillar I Risk Weighted Assets, Tier I and Tier II Capital adequacy Ratios

	September 30,2011 (Unaudited)	December 31, 2010 (Audited)	September 30, 2010 (Unaudited)
Credit Risk RWA	93,017,350	85,792,893	86,726,945
Operational Risk RWA	8,251,238	8,275,700	8,249,400
Market Risk RWA	762,018	2,322,521	2,184,620
Total Pillar-I RWA	102,030,606	96,391,114	97,160,965
Tier I Capital	14,667,839	14,551,111	14,052,594
Tier II Capital	3,648,053	1,790,856	3,406,503
Total Tier I & II Capital	18,315,892	16,341,967	17,459,097
Capital Adequacy Ratio %			
Tier I ratio	14.38%	15.10%	14.46%
Tier I + Tier II ratio	17.95%	16.95%	17.97%

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.