BALANCE SHEET
As at

SAR' 000	Notes	30-06-2006 (Unaudited)	31-12-2005 (Audited)	30-06-2005 (Unaudited)
ASSETS				
Cash and balances with SAMA		2,323,220	2,317,293	2,815,152
Due from banks and other financial institutions		7,311,782	2,277,131	5,202,099
Investments, net	2	17,198,563	18,127,849	18,779,044
Loans and advances, net		46,405,180	42,978,702	37,748,509
Fixed assets, net		529,152	475,877	461,365
Other assets		1,682,318	1,324,528	1,307,379
Total assets		75,450,215	67,501,380	66,313,548
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		5,378,714	4,946,403	5,529,697
Customer deposits		56,915,906	51,093,385	50,446,163
Other liabilities		2,756,060	1,839,192	1,817,029
Term loan		2,467,017	2,437,500	2,437,500
Total liabilities		67,517,697	60,316,480	60,230,389
Shareholders' equity				
Share capital	7	3,375,000	2,250,000	2,250,000
Statutory reserve	7	3,375,000	2,250,000	2,250,000
General reserve	7	250,000	2,500,000	955,000
Other reserves		(235,880)	(102,428)	7,186
Retained earnings		1,168,398	31,725	620,973
Proposed dividend		-	255,603	-
Total shareholders' equity		7,932,518	7,184,900	6,083,159
Total liabilities and shareholders' equity		75,450,215	67,501,380	66,313,548

The accompanying notes 1 to 8 form an integral part of these interim condensed financial statements

STATEMENT OF INCOME
(Unaudited)

SAR' 000	Note	For the three months ended		For the six months ended	
		30-06-2006	30-06-2005	30-06-2006	30-06-2005
Special commission income		1,040,314	707,470	2,012,928	1,336,510
Special commission expense		548,156	288,248	1,035,632	498,807
Net special commission income		492,158	419,222	977,296	837,703
Fees from banking services, net		447,349	269,043	968,832	412,171
Exchange income, net		33,836	33,949	69,527	57,906
Trading income, net		59,107	45,611	106,909	73,444
Dividend income		471	290	471	290
Gains on non trading investments, net		2,687	16,596	9,385	42,241
Other operating income		835	1,767	1,937	4,315
Total operating income		1,036,443	786,478	2,134,357	1,428,070
Salaries and employee related expenses		115,316	96,819	224,708	186,735
Rent and premises related expenses		16,824	14,176	32,203	27,168
Depreciation and amortization		16,326	15,036	31,660	30,548
Other general and administrative expenses		60,067	50,589	113,923	98,475
Provision for credit losses, net		22,625	35,328	44,856	80,539
Other operating expenses		1,552	212	1,601	359
Total operating expenses		232,710	212,160	448,951	423,824
Net income for the period		803,733	574,318	1,685,406	1,004,246
Weighted average number of outstanding shares	7	337,500	337,500	337,500	337,500
Earnings per share for the period (in SAR)	7	2.38	1.71	4.99	2.98

The accompanying notes 1 to 8 form an integral part of these interim condensed financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited)

SAR' 000	Notes	Share capital	Statutory reserve	General reserve	Other reserves	Retained earnings	Proposed dividend	Total
For the six months ended June 30, 2006								
Balance at the beginning of the year		2,250,000	2,250,000	2,500,000	(102,428)	31,725	255,603	7,184,90(
Bonus shares issued	7	1,125,000	-	(1,125,000)	-	-	-	
Transfer to statutory reserve	7	-	1,125,000	(1,125,000)	-	-	-	
Net income for the period		-	-	-	-	1,685,406	-	1,685,40(
Final dividend paid for 2005		-	-	-	-	-	(255,603)	(255,603
Interim gross dividend	8	-	-	-	-	(548,733)	-	(548,733
Net changes in fair value and cash flow hedges		-	-	-	(133,452)	-	-	(133,452
Balance at the end of the period		3,375,000	3,375,000	250,000	(235,880)	1,168,398	-	7,932,51(
For the six months ended June 30, 2005								
Balance at the beginning of the year		2,250,000	2,250,000	955,000	55,519	1,765	559,274	6,071,55(
Net income for the period		-	-	-	-	1,004,246	-	1,004,24(
Final dividend paid for 2004		-	-	-	-	-	(559,274)	(559,274
Interim gross dividend	8	-	-	-	-	(385,038)	-	(385,038
Net changes in fair value and cash flow hedges		-	-	-	(48,333)	-	-	(48,333
Balance at the end of the period		2,250,000	2,250,000	955,000	7,186	620,973	-	6,083,15(

The accompanying notes 1 to 8 form an integral part of these interim condensed financial statements

STATEMENT OF CASH FLOWS
(Unaudited)

SAR' 000	Note	For the six months ended	
		30-06-2006	30-06-2005
OPERATING ACTIVITIES			
Net income for the period		1,685,406	1,004,246
Adjustments to reconcile net income to net cash from (used in) operating activities:			
Amortization of premiums and (accretion of discounts) on non trading investments, net		6,443	11,715
Gains on non trading investments, net		(9,385)	(42,241)
Depreciation and amortization		31,660	30,548
Gains on disposal of fixed assets, net		(20)	(23)
Provision for credit losses, net		44,856	80,539
Change in fair value		25,825	(35,106)
		1,784,785	1,049,678
Net increase in operating assets:			
Statutory deposit with SAMA		(24,484)	(190,013)
Due from banks and other financial institutions maturing after 90 days		(412,500)	-
Investments held as FVIS, trading		(79,775)	(136,982)
Loans and advances		(3,467,067)	(3,376,696)
Other assets		(343,124)	(139,967)
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		430,410	1,356,826
Customer deposits		5,768,749	2,721,896
Other liabilities		352,654	(257,775)
Net cash from operating activities		4,009,648	1,026,967
INVESTING ACTIVITIES			
Proceeds from sales and matured non trading investments		1,257,802	1,999,450
Purchase of non trading investments		(326,849)	(1,532,779)
Purchase of fixed assets		(84,968)	(39,992)
Proceeds from sale of fixed assets		53	45
Net cash from investing activities		846,038	426,724
FINANCING ACTIVITIES			
Term loan		-	2,437,500
Dividend paid		(255,603)	(559,274)
Net cash (used in) from financing activities		(255,603)	1,878,226
Increase in cash and cash equivalents		4,600,083	3,331,917
Cash and cash equivalents at the beginning of the year		2,663,637	2,771,240
Cash and cash equivalents at the end of the period	5	7,263,720	6,103,157
Supplemental non cash information			
Net changes in fair value and cash flow hedges		(133,452)	(48,333)

The accompanying notes 1 to 8 form an integral part of these interim condensed financial statements

NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
For the six months ended June 30, 2006 and 2005

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these interim condensed financial statements are set out below:

a) Basis of preparation

The Bank follows the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency (SAMA) and International Financial Reporting Standards (IFRS), and complies with the Banking Control Law and Regulations for Companies in the Kingdom of Saudi Arabia.

These interim condensed financial statements are prepared under the historical cost convention except for the measurement at fair value of derivatives, and available for sale and Fair Value through Income Statements (FVIS). In addition, assets and liabilities that are hedged (in a fair value hedging relationship) are carried at fair value to the extent of the risk being hedged.

In the ordinary course of business, the Bank makes certain accounting estimates and assumptions that affect the reported amounts of assets and liabilities within the next financial year. The Bank's management exercises its judgement in the process of applying its accounting policies, as such estimates, assumptions and judgements are continually evaluated and are based on historical experience and other factors, including obtaining professional advice and expectations of future events that are believed to be reasonable under the circumstances.

The interim condensed financial statements are expressed in Saudi Arabian Riyals (SAR).

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the Bank's annual financial statements for the year ended December 31, 2005 except for the change set out in note 1(b) below.

b) Change in accounting policies

The Bank has adopted the revised version of International Accounting Standard (IAS) 39 Financial Instruments: Recognition and Measurement – The Fair Value Option effective January 1, 2006 with retrospective effect. The adoption has had no impact on the Bank's financial statements since no investments have been reclassified.

c) Comparative figures

Certain prior period amounts have been reclassified to conform with the current period presentation.

2. Investments, net

The investments are classified as follows:

SAR' 000	30-06-2006 (Unaudited)	31-12-2005 (Audited)	30-06-2005 (Unaudited)
Held as FVIS	1,170,416	1,090,641	1,376,748
Available for sale	4,042,734	4,385,992	4,414,000
Held at amortized costs, other	10,526,652	10,903,246	11,235,196
Held to maturity	1,458,761	1,747,970	1,753,100
Total	17,198,563	18,127,849	18,779,044

Investments held as FVIS represent investments held for trading.

3. Derivatives

The table below shows the positive and negative fair values of derivative financial instruments held, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of 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.

SAR' 000	30-06-2006 (Unaudited)			31-12-2005 (Audited)			30-06-2005 (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
Held for trading:									
Commission rate swaps	929,810	1,120,189	99,683,944	544,913	686,725	87,162,363	532,221	565,130	82,393,176
Commission rate futures and options	7,029	4,914	9,772,750	12,954	6,410	12,665,500	12,167	6,996	15,654,250
Forward rate agreements	800	-	805,000	128	266	691,000	-	-	-
Forward foreign exchange contracts	125,181	82,746	57,694,383	102,549	94,422	28,288,650	136,143	112,530	34,101,556
Currency options	65,556	37,375	7,820,172	21,256	15,624	3,953,512	19,229	12,686	5,801,102
Held as fair value hedges:									
Commission rate swaps	222,403	53,755	13,852,754	156,767	38,274	11,381,103	112,391	51,293	13,157,224
Held as cash flow hedges:									
Commission rate swaps	38,940	99,927	4,831,000	38,725	44,994	4,831,000	108,830	7,012	4,651,500
Total	1,389,719	1,398,906	194,460,003	877,292	886,715	148,973,128	920,981	755,647	155,758,808
Value of netting arrangements	(391,898)	(391,898)	(34,508,508)	(256,163)	(256,163)	(28,809,206)	(262,218)	(262,218)	(32,221,448)
Total after netting	997,821	1,007,008	159,951,495	621,129	630,552	120,163,922	658,763	493,429	123,537,360

Commission rate swaps include a notional amount of SAR 34,509 million (December 31, 2005: SAR 28,809 million and June 30, 2005: SAR 32,221 million), with an aggregate positive fair value and a negative fair value of SAR 392 million (December 31, 2005: SAR 256 million and June 30, 2005: SAR 262 million) which are netted out for credit exposure purposes, as the Bank intends to settle these on a net basis.

4. Credit related commitments and contingencies

The credit related commitments and contingencies are classified as follows:

SAR' 000	30-06-2006 (Unaudited)	31-12-2005 (Audited)	30-06-2005 (Unaudited)
Letters of credit	7,471,011	6,214,559	5,759,753
Letters of guarantees	13,498,223	12,210,158	11,048,659
Acceptances	1,595,033	1,521,041	1,449,570
Irrevocable commitments to extend credit	2,214,743	1,984,790	2,947,424
Other	6,750	6,750	6,750
Total	24,785,760	21,937,298	21,212,156

5. Cash and cash equivalents

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

SAR' 000	30-06-2006 (Unaudited)	31-12-2005 (Audited)	30-06-2005 (Unaudited)
Cash and balances with SAMA excluding statutory deposits	367,949	386,506	901,058
Due from banks and other financial institutions maturing within ninety days	6,895,771	2,277,131	5,202,099
Total	7,263,720	2,663,637	6,103,157

6. Business segments

The Bank is organized into the following main business segments:

Retail Banking – incorporating private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, retail investments products, consumer loans, international and local shares brokerage services, funds management, insurance (brokerage) and certain forex products.

Corporate Banking – incorporating corporate demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

Treasury Banking – incorporating treasury services, trading activities, investment securities, money market, the Bank's funding operation and derivative products.

Transactions between the business segments are reported according to the Bank's internal transfer pricing policy. The Bank's total assets and liabilities as at June 30, 2006 and 2005, its total operating income and expenses, and its net income for the six months then ended, by business segment, are as follows:

(Unaudited) SAR' 000	Retail banking	Corporate banking	Treasury banking	Total
30-06-2006				
Total assets	10,916,207	37,391,921	27,142,087	75,450,215
Total liabilities	32,642,607	25,077,781	9,797,309	67,517,697
Total operating income	1,306,353	479,514	348,490	2,134,357
Total operating expenses	291,174	90,341	67,436	448,951
Net income for the period	1,015,179	389,173	281,054	1,685,406
30-06-2005				
Total assets	7,006,901	33,226,261	26,080,386	66,313,548
Total liabilities	32,171,075	19,076,672	8,982,642	60,230,389
Total operating income	686,680	367,596	373,794	1,428,070
Total operating expenses	269,887	104,389	49,548	423,824
Net income for the period	416,793	263,207	324,246	1,004,246

7. Share capital, bonus share issue, statutory reserve, general reserve and earnings per share

In accordance with the shareholders' resolution passed at the General Assembly Meeting held on March 5, 2006, a bonus issue of 22.5 million shares at a nominal value SAR 50 each was approved to the existing shareholders, on the basis of 1 bonus share for every 2 shares held, through the capitalization of general reserve.

In addition, SAR 1,125 million has been transferred from general reserve to statutory reserve to equal the Bank's share capital. No further transfer is required since the limit has been attained. This reserve is not available for distribution.

In accordance with the Council of Ministers resolution dated 27/2/1427H (corresponding to March 27, 2006) and the Capital Market Authority directive dated 29/2/1427H (corresponding to March 29, 2006), the nominal value of the Bank's shares have been split from the existing 67.5 million shares of SAR 50 per share to 337.5 million shares of SAR 10 per share effective from 10/3/1427H (corresponding to April 08, 2006) without changing the Bank's paid up capital.

Earnings per share for the period ended June 30, 2006 and 2005 is calculated by dividing the net income for the period by 337.5 million shares, to give a retrospective effect for the change in the number of shares which increased as a result of the share split as set out above. The retrospective calculation is required by IAS 33 – Earnings per Share.

8. Interim dividend, zakat and taxation

The Board of Directors has declared interim gross dividend for the six months period ended June 30, 2006 of SAR 549 million (June 30, 2005: SAR 385 million) which is included in other liabilities.

Zakat attributable to Saudi shareholders for the period amounted to approximately SAR 29 million (June 30, 2005: SAR 17 million). This will be deducted from their share of the dividend, resulting in net dividend to Saudi shareholders of SAR 1.5 per share (June 30, 2005: SAR 1.6 per share. The net dividend per share has been recalculated retrospectively to give effect for the increased number of shares as a result of bonus issue and share split during the current year).

The income tax liability of the foreign shareholders will be deducted from their share of the dividend.