Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

31 MARCH 2008
REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE BOARD OF DIRECTORS OF AHLI UNITED BANK B.S.C.

Introduction
We have reviewed the accompanying interim condensed consolidated financial statements of Ahli United Bank B.S.C. (the "Bank") and its subsidiaries (the "Group") as at 31 March 2008, comprising of the interim consolidated balance sheet as at 31 March 2008 and the related interim consolidated statements of income, changes in equity and cash flows for the three-month period then ended and explanatory notes. The Bank's Board of Directors is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting ("IAS 34"). 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 International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information 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 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 IAS 34.

Ernst & Young

7 May 2008
Manama, Kingdom of Bahrain
Ahli United Bank B.S.C.

INTERIM CONSOLIDATED STATEMENT OF INCOME
Three month period ended 31 March 2008 (Unaudited)

<table>
<thead>
<tr>
<th>Note</th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ '000</td>
<td>US$ '000</td>
</tr>
<tr>
<td>Interest income</td>
<td>328,894</td>
<td>301,612</td>
</tr>
<tr>
<td>Interest expense</td>
<td>231,313</td>
<td>229,262*</td>
</tr>
<tr>
<td>Net interest income</td>
<td>97,581</td>
<td>72,350</td>
</tr>
<tr>
<td>Fees and commissions - net</td>
<td>38,629</td>
<td>28,167</td>
</tr>
<tr>
<td>Trading income</td>
<td>18,365</td>
<td>4,796</td>
</tr>
<tr>
<td>Gains on sale of available-for-sale investments</td>
<td>24,255</td>
<td>6,288</td>
</tr>
<tr>
<td>Share of profit from associates</td>
<td>16,666</td>
<td>15,432</td>
</tr>
<tr>
<td>Dividend income</td>
<td>12,965</td>
<td>8,393</td>
</tr>
<tr>
<td>Other operating income</td>
<td>1,249</td>
<td>1,981</td>
</tr>
<tr>
<td></td>
<td>112,129</td>
<td>65,057</td>
</tr>
<tr>
<td>OPERATING INCOME</td>
<td>209,710</td>
<td>137,407</td>
</tr>
<tr>
<td>Provisions for loan losses, impairment of</td>
<td></td>
<td></td>
</tr>
<tr>
<td>non-trading investments and contingencies-net</td>
<td>27,720</td>
<td>3,012</td>
</tr>
<tr>
<td>NET OPERATING INCOME</td>
<td>181,990</td>
<td>134,395</td>
</tr>
<tr>
<td>Staff costs</td>
<td>39,409</td>
<td>30,026</td>
</tr>
<tr>
<td>Depreciation</td>
<td>3,551</td>
<td>2,876</td>
</tr>
<tr>
<td>Other operating expenses</td>
<td>25,548</td>
<td>15,516</td>
</tr>
<tr>
<td>OPERATING EXPENSES</td>
<td>68,508</td>
<td>48,418</td>
</tr>
<tr>
<td>PROFIT BEFORE TAX</td>
<td>113,482</td>
<td>85,977</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1,412</td>
<td>2,487</td>
</tr>
<tr>
<td>NET PROFIT FOR THE PERIOD</td>
<td>112,070</td>
<td>83,490</td>
</tr>
</tbody>
</table>

Attributable to:
Bank's equity shareholders | 94,306 | 68,948 |
Minority interest           | 17,764  | 14,542  |

112,070  83,490

EARNINGS PER SHARE ATTRIBUTABLE TO
BANK'S EQUITY SHAREHOLDERS FOR THE PERIOD
Basic earnings per share (US cents) | 4  | 2.1 | 2.1 |
Diluted earnings per share (US cents) | 4  | 2.1 | 1.7 |

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.
Ahli United Bank B.S.C.

INTERIM CONSOLIDATED BALANCE SHEET
31 March 2008 (Unaudited)

<table>
<thead>
<tr>
<th>Note</th>
<th>31 March 2008</th>
<th>31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ '000</td>
<td>US$ '000</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and balances with central banks</td>
<td>216,462</td>
<td>142,590</td>
</tr>
<tr>
<td>Treasury bills and bonds</td>
<td>1,123,582</td>
<td>867,074</td>
</tr>
<tr>
<td>Trading securities</td>
<td>134,963</td>
<td>112,201</td>
</tr>
<tr>
<td>Deposits with banks and other financial institutions</td>
<td>4,754,022</td>
<td>4,396,781</td>
</tr>
<tr>
<td>Loans and advances</td>
<td>13,141,545</td>
<td>12,035,153</td>
</tr>
<tr>
<td>Non-trading investments</td>
<td>3,561,001</td>
<td>3,525,277</td>
</tr>
<tr>
<td>Investment in associates</td>
<td>772,474</td>
<td>768,471</td>
</tr>
<tr>
<td>Premises and equipment</td>
<td>322,347</td>
<td>292,461</td>
</tr>
<tr>
<td>Other assets</td>
<td>522,552</td>
<td>414,487</td>
</tr>
<tr>
<td>Goodwill and other intangible assets</td>
<td>508,407</td>
<td>495,357</td>
</tr>
<tr>
<td>TOTAL ASSETS</td>
<td>25,057,355</td>
<td>23,049,852</td>
</tr>
</tbody>
</table>

| LIABILITIES, SUBORDINATED LIABILITIES AND EQUITY | |
| LIABILITIES | |
| Deposits from banks and other financial institutions | 7,577,649 | 6,989,024 |
| Customers' deposits | 12,232,522 | 10,780,914 |
| Term debt | 1,350,000 | 1,350,000 |
| Other liabilities | 800,930 | 693,569 |
| TOTAL LIABILITIES | 21,961,101 | 19,813,507 |

| SUBORDINATED LIABILITIES | |
| EQUITY | |
| Ordinary share capital | 5 | 1,126,581 | 844,201 |
| Preference share capital | 5 | 17,663 | 173,001 |
| Reserves | 1,001,293 | 1,292,518 |
| Attributable to the Bank's equity shareholders | 2,145,537 | 2,309,720 |
| Minority interest | 312,901 | 338,401 |
| TOTAL EQUITY | 2,458,438 | 2,648,121 |
| TOTAL LIABILITIES, SUBORDINATED LIABILITIES AND EQUITY | 25,057,355 | 23,049,852 |

Fahed Al-Ree streams
Chairman
Board of Directors

Hamad Al-Marzooq
Deputy Chairman
Board of Directors

Wadad A. Al-Lahham
Group Chief Executive Officer & Managing Director

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.
Ahli United Bank B.S.C.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Three month period ended 31 March 2008 (Unaudited)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net cash (used in) from operating activities</strong></td>
<td>(663,562)</td>
<td>313,168</td>
</tr>
<tr>
<td><strong>Net cash (used in) from investing activities</strong></td>
<td>(201,701)</td>
<td>135,522</td>
</tr>
<tr>
<td><strong>Net cash used in financing activities</strong></td>
<td>(113,706)</td>
<td>(131,618)</td>
</tr>
<tr>
<td><strong>Foreign currency translation adjustments</strong></td>
<td>15,322</td>
<td>6,944</td>
</tr>
<tr>
<td><strong>(DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>(963,647)</td>
<td>324,016</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at 1 January</strong></td>
<td>2,376,886</td>
<td>4,367,208</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS AT 31 MARCH</strong></td>
<td>1,413,239</td>
<td>4,691,224</td>
</tr>
</tbody>
</table>

Comprising:
Cash and balances with central banks, excluding mandatory reserve deposits
Deposits with banks and other financial institutions with an original maturity of three months or less

The attached notes 1 to 7 form part of these interim condensed consolidated financial statements.
|-------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|

### Balance Sheet as of March 2006

- **Total Assets**
  - Cash and Cash Equivalents: 1,179,963
  - Current Assets: 1,029,471
  - Non-current Assets: 1,279,961

- **Total Liabilities and Equity**
  - Current Liabilities: 1,279,961
  - Non-current Liabilities: 1,279,961
  - Shareholders' Equity: 1,279,961

### Statement of Changes in Equity

- **Net Income for the Year**: 210,000
- **Dividends Paid**: 0
- **Retained Earnings**: 1,279,961

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**Notes**: Available in bank's annual shareholders' meetings.

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**Interim Consolidated Statement of Changes in Equity**

Ali United Bank B.S.C.
### Interim Consolidated Statement of Changes in Equity

<table>
<thead>
<tr>
<th>Period</th>
<th>Retained Earnings</th>
<th>Dividends</th>
<th>Total Earnings</th>
<th>Total Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>(£000)</td>
<td>(£000)</td>
<td>(£000)</td>
<td>(£000)</td>
<td>(£000)</td>
</tr>
<tr>
<td>1 Jan 2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Mar 2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 Sep 2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30 Jun 2007</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31 Mar 2008</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Closing balance 31 March 2007**
- Issued (net £000)
- Retained earnings (restated)
- Subsidiary
- Minority interest of a
- Non-controlling interest on restated
- Non-controlling interest on restated and
- Paid-in capital:
  - Ordinary share capital
  - Preference share capital
- Total issued (ordinary and preference)
- Treasury stock (ordinary and preference)
- Non-controlling interests
- Cumulative translation differences
- Capital suspended for redemption
- Retained earnings:
  - Detailed notes (under liabilities)
  - Other liabilities
  - Minority interest
  - Cumulative translation differences
  - Capital suspended for redemption
  - Retained earnings:
    - Ordinary share capital
    - Preference share capital
    - Retained earnings

**Closing balance December 2006**
- Issued (net £000)
- Retained earnings (restated)
- Subsidiary
- Minority interest of a
- Non-controlling interest on restated
- Non-controlling interest on restated and
- Paid-in capital:
  - Ordinary share capital
  - Preference share capital
- Total issued (ordinary and preference)
- Treasury stock (ordinary and preference)
- Non-controlling interests
- Cumulative translation differences
- Capital suspended for redemption
- Retained earnings:
  - Detailed notes (under liabilities)
  - Other liabilities
  - Minority interest
  - Cumulative translation differences
  - Capital suspended for redemption
  - Retained earnings:
    - Ordinary share capital
    - Preference share capital
    - Retained earnings

*The month ended 31 March 2008 (unaudited)*
Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2008 (Unaudited)

1 ACCOUNTING POLICIES

The interim condensed consolidated financial statements of Ahli United Bank B.S.C. ("the Bank") and its subsidiaries (together known as "the Group") are prepared in accordance with International Financial Reporting Standard IAS 34, Interim Financial Reporting ("IAS 34").

The interim condensed consolidated financial statements of the Group for the three-month period ended 31 March 2008 were authorised for issue with a resolution of the directors on 7 May 2008.

2 BASIS OF PREPARATION

The accounting policies used in the preparation of the interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2007.

The interim condensed consolidated financial statements do not contain all information and disclosures required for full financial statements prepared in accordance with International Financial Reporting Standards and should be read in conjunction with the Group's annual financial statements as at 31 December 2007. In the opinion of management, all adjustments consisting of normal recurring accruals considered necessary for a fair presentation have been included. In addition, results for the three months ended 31 March 2008 are not necessarily indicative of the results that may be expected for the financial year ending 31 December 2008.

3 SEASONALITY OF RESULTS

Dividend income of US$ 12,965 thousand for the three months ended 31 March 2008 (2007: US$ 8,393 thousand) is of a seasonal nature.

4 EARNINGS PER ORDINARY SHARE

<table>
<thead>
<tr>
<th></th>
<th>Three months ended</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>31 March 2008</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>94,306</td>
</tr>
<tr>
<td>attributable to Bank's ordinary equity shareholders for basic earnings per share computation (US$'000)</td>
<td></td>
</tr>
<tr>
<td>Add: Staff costs - fair value amortisation of share based transaction</td>
<td>1,957</td>
</tr>
<tr>
<td>Net profit for the period</td>
<td>96,263</td>
</tr>
<tr>
<td>attributable to Bank's ordinary equity shareholders for diluted earnings per share computation (US$'000)</td>
<td></td>
</tr>
<tr>
<td>Weighted average ordinary shares outstanding during the period adjusted for bonus shares (million)</td>
<td>4,506</td>
</tr>
<tr>
<td>Weighted average ordinary shares adjusted for bonus shares and dilutive effect of the convertible portion of Class B preference shares (million)</td>
<td>4,604</td>
</tr>
<tr>
<td>Basic earnings per ordinary share (US cents)</td>
<td>2.1</td>
</tr>
<tr>
<td>Diluted earnings per ordinary share (US cents)</td>
<td>2.1</td>
</tr>
</tbody>
</table>
Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

31 March 2008 (Unaudited)

5 EQUITY

The Annual General Assembly of Shareholders' meeting held on 3 March 2008 approved a bonus share issue of 10% (1 ordinary share for every 10 shares held) (2007 : 10%) resulting in an increase in the ordinary share capital by US$ 102 million comprising 410 million ordinary shares of 25 US cents each. The convertible portion of all issued and outstanding Class B Preference Shares are automatically adjusted by these bonus share issues upon their conversion into ordinary shares under the terms of the respective issues.

Conversion of Class A preference shares

As per the terms of issue of the Class A preference shares, 50% of the Class A Preference Shares were convertible on 1 January 2008 into an equivalent number of ordinary shares at US$ 0.45 per share as adjusted for any bonus issues. Accordingly, on 1 January 2008, 577.5 million ordinary shares have been issued on conversion of 50% of Class A preference shares, including the bonus adjustment for the years 2005 and 2006.

The remaining 50% of the Class A Preference shares are redeemable in cash on 1 January 2015, or at an earlier date after 1 January 2010 if exercised by the Bank, at US$ 0.45 per share.

Conversion of Tranche I of Class B preference shares

As per the terms of the issue of the Employee Share Purchase Plan (ESPP), tranche-I of the Class B preference shares issued under the ESPP were due for conversion to ordinary shares on 1 January 2008. Accordingly, on 1 January 2008, 142.4 million ordinary shares were issued on conversion of tranche-I of the Class B preference shares, including the bonus adjustment for the years 2005 and 2006 and the rights issue adjustment factor for 2007.

6 CONTINGENT LIABILITIES

The Group had the following credit related contingent liabilities:

<table>
<thead>
<tr>
<th></th>
<th>31 March 2008</th>
<th>31 December 2007</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>US$ '000</td>
<td>US$ '000</td>
</tr>
<tr>
<td>Guarantees</td>
<td>1,322,070</td>
<td>1,101,614</td>
</tr>
<tr>
<td>Acceptances</td>
<td>59,302</td>
<td>79,216</td>
</tr>
<tr>
<td>Letters of credit</td>
<td>461,606</td>
<td>378,564</td>
</tr>
<tr>
<td></td>
<td>1,842,978</td>
<td>1,559,394</td>
</tr>
</tbody>
</table>

7 SEGMENT INFORMATION

Primary segment information

For management purposes the Group is organised into three major business segments:

- Retail banking
- Corporate banking, treasury and investments
- Private banking and wealth management

These segments are the basis on which the Group reports its primary segment information. Transactions between segments are conducted at estimated market rates on an arm's length basis. Interest is charged/credited to business segments based on a pool rate, which approximates the cost of funds.
Ahli United Bank B.S.C.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
31 March 2008 (Unaudited)

7 SEGMENT INFORMATION (continued)

Segmental information for the period was as follows:

<table>
<thead>
<tr>
<th>Retail banking</th>
<th>Corporate banking, treasury and investments</th>
<th>Private banking and wealth management</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>US$ '000</td>
<td>US$ '000</td>
<td>US$ '000</td>
<td>US$ '000</td>
</tr>
</tbody>
</table>

**Three months ended 31 March 2008:**

Net interest and other income before share of profit from associates

<table>
<thead>
<tr>
<th>Share of profit from associates</th>
<th>60,843</th>
<th>114,465</th>
<th>17,736</th>
<th>193,044</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32%</td>
<td>59%</td>
<td>9%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Share of profit from associates

<table>
<thead>
<tr>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>16,666</td>
</tr>
</tbody>
</table>

Profit before tax - excluding share of profit from associates

<table>
<thead>
<tr>
<th>Share of profit from associates</th>
<th>25,001</th>
<th>63,596</th>
<th>8,219</th>
<th>96,816</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Less): Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td>(1,412)</td>
</tr>
<tr>
<td>(Less): Net profit attributable to minority interest</td>
<td></td>
<td></td>
<td></td>
<td>(17,764)</td>
</tr>
</tbody>
</table>

Net profit attributable to the Bank's equity shareholders

| 94,306 |

**Three months ended 31 March 2007:**

Net interest and other income before share of profit from associates

<table>
<thead>
<tr>
<th>Share of profit from associates</th>
<th>45,220</th>
<th>57,618</th>
<th>19,137</th>
<th>121,975</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>37%</td>
<td>47%</td>
<td>16%</td>
<td>100%</td>
</tr>
</tbody>
</table>

Operating income

| 15,432 |

Profit before tax - excluding share of profit from associates

<table>
<thead>
<tr>
<th>Share of profit from associates</th>
<th>23,438</th>
<th>34,853</th>
<th>12,254</th>
<th>70,545</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Less): Income tax expense</td>
<td></td>
<td></td>
<td></td>
<td>(2,487)</td>
</tr>
<tr>
<td>(Less): Net profit attributable to minority interest</td>
<td></td>
<td></td>
<td></td>
<td>(14,542)</td>
</tr>
</tbody>
</table>

Net profit attributable to the Bank's equity shareholders

| 68,948 |