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**Bank AlBilad**  
**(A Saudi Joint Stock Company)**

**UNAUDITED INTERIM CONDENSED  
FINANCIAL STATEMENTS FOR THE  
THREE-MONTH PERIOD ENDED  
MARCH 31, 2007 AND 2006**

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## REVIEWERS' REPORT

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

We have reviewed the accompanying interim balance sheet of **Bank AlBilad** (the Bank) as of March 31, 2007, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended.

### Management's Responsibility for the Financial Statements

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

### Scope of Review

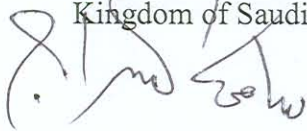
Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

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

### Conclusion

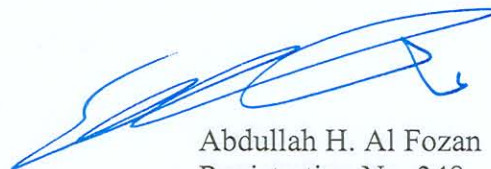
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with applicable Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency and with International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

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24 Rab'e Alawwal 1428H  
April 12, 2007



**BANK ALBILAD**  
**(A Saudi Joint Stock Company)**

**BALANCE SHEETS**

	Notes	March 31, 2007 (Unaudited) SAR' 000	December 31, 2006 (Audited) SAR' 000	March 31, 2006 (Unaudited) SAR' 000
<b><u>ASSETS</u></b>				
Cash and balances with SAMA		701,389	702,726	433,641
Due from banks and other financial institutions		98,087	124,274	68,651
Investments, net	3	9,897,806	9,824,825	5,548,459
Property and equipment, net		529,394	555,313	420,353
Other assets		77,029	74,226	51,213
<b>Total assets</b>		<b>11,303,705</b>	<b>11,281,364</b>	<b>6,522,317</b>
<b><u>LIABILITIES AND SHAREHOLDERS' EQUITY</u></b>				
<b>Liabilities</b>				
Customer deposits	4	7,980,604	7,858,059	3,069,142
Other liabilities		273,623	398,960	450,970
<b>Total liabilities</b>		<b>8,254,227</b>	<b>8,257,019</b>	<b>3,520,112</b>
<b>Shareholders' equity</b>				
Share capital		3,000,000	3,000,000	3,000,000
Unallocated shares	7	(2,585)	(2,585)	(2,585)
Employee share plan	7	(39,025)	(39,025)	-
Statutory reserve		44,529	44,529	-
Fair value reserve		(14,632)	(14,072)	-
Retained earnings		61,191	35,498	4,790
<b>Total shareholders' equity</b>		<b>3,049,478</b>	<b>3,024,345</b>	<b>3,002,205</b>
<b>Total liabilities and shareholders' equity</b>		<b>11,303,705</b>	<b>11,281,364</b>	<b>6,522,317</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements



**BANK ALBILAD**  
**(A Saudi Joint Stock Company)**

**STATEMENTS OF INCOME**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

	<u>2007</u> SAR' 000	<u>2006</u> SAR' 000
<b>INCOME</b>		
<b>Income from investments:</b>		
Murabaha	81,117	38,910
Bei Ajel	47,188	32,571
Musharaka	9,224	1,396
Installment sales	<u>1,840</u>	<u>-</u>
<b>Total income from investments</b>	<b>139,369</b>	<b>72,877</b>
<b>Income paid to customer direct investments</b>	<b><u>(29,575)</u></b>	<b><u>-</u></b>
<b>Net income from investments</b>	<b>109,794</b>	<b>72,877</b>
Fees from banking services, net	43,457	121,972
Exchange income, net	<u>19,493</u>	<u>11,309</u>
<b>Total operating income</b>	<b><u>172,744</u></b>	<b><u>206,158</u></b>
Salaries and employee-related expenses	79,685	53,675
Rent and premises-related expenses	19,713	10,977
Depreciation	24,042	13,593
Provision for investments	1,918	-
Other general and administrative expenses	<u>21,693</u>	<u>25,031</u>
<b>Total operating expenses</b>	<b><u>147,051</u></b>	<b><u>103,276</u></b>
<b>Net income for the period</b>	<b><u>25,693</u></b>	<b><u>102,882</u></b>
<b>Earnings per share (SAR)</b>	<b><u>0.09</u></b>	<b><u>0.34</u></b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements

**BANK ALBILAD**  
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**STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

SAR' 000

	<u>Share capital</u>	<u>Unallocated shares</u>	<u>Employee share plan</u>	<u>Statutory reserve</u>	<u>fair value reserve</u>	<u>Retained earnings (Accumulated loss)</u>	<u>Total</u>
<b>2007</b>							
<b>Balance at beginning of the period</b>	3,000,000	(2,585)	(39,025)	44,529	(14,072)	35,498	3,024,345
Net change in fair value of investments	-	-	-	-	(560)	-	(560)
Net income	-	-	-	-	-	25,693	25,693
<b>Balance at the end of the period</b>	<b>3,000,000</b>	<b>(2,585)</b>	<b>(39,025)</b>	<b>44,529</b>	<b>(14,632)</b>	<b>61,191</b>	<b>3,049,478</b>
<b>2006</b>							
<b>Balance at beginning of the period</b>	3,000,000	(2,585)	-	-	-	(98,092)	2,899,323
Net income	-	-	-	-	-	102,882	102,882
<b>Balance at the end of the period</b>	<b>3,000,000</b>	<b>(2,585)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,790</b>	<b>3,002,205</b>

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements

**BANK ALBILAD**  
**(A Saudi Joint Stock Company)**

**STATEMENTS OF CASH FLOWS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

	Note	2007 SAR'000	2006 SAR'000
<b>OPERATING ACTIVITIES:</b>			
Net income for the period		25,693	102,882
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>			
Depreciation		24,042	13,593
Provision for investments		1,918	-
<b>Increase in operating assets:</b>			
Statutory deposits with SAMA		(65,077)	(114,070)
Investments		(75,459)	(819,708)
Other assets		(2,803)	(24,826)
<b>Increase (decrease) in operating liabilities:</b>			
Customer deposits		122,545	(258,825)
Other liabilities		(125,337)	155,690
<b>Net cash used in operating activities</b>		<b>(94,478)</b>	<b>(945,264)</b>
<b>INVESTING ACTIVITIES:</b>			
Property and equipment, net		1,877	(60,232)
<b>Net cash from (used in) investing activities</b>		<b>1,877</b>	<b>(60,232)</b>
Decrease in cash and cash equivalents		(92,601)	(1,005,496)
Cash and cash equivalents at beginning of the period	6	516,277	1,227,536
<b>Cash and cash equivalents at end of the period</b>	6	<b>423,676</b>	<b>222,040</b>
<b>Supplemental non cash information</b>			
Net movement in fair value reserve		(560)	-

The accompanying notes from 1 to 9 form an integral part of these interim condensed financial statements



**BANK ALBILAD**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

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**1. GENERAL**

**a) Incorporation and Operations**

Bank AlBilad, (the "Bank") a Saudi Joint Stock Company, was formed and licensed pursuant to Royal Decree No. M/48 dated 21 Ramadan 1425H (corresponding to November 4, 2004), in accordance with the Council of Ministers' resolution No. 258 dated 18 Ramadan 1425H (corresponding to November 1, 2004).

The Bank operates under Commercial Registration No. 1010208295 dated 10 Rabi Al Awal 1426H (corresponding to April 19, 2005).

Bank AlBilad  
P.O. Box 140  
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The Bank's objectives include banking, investment and other activities in accordance with its Articles of Association and By-Laws and the Banking Control Law. The Bank provides these services through 48 banking branches (2006: 29) and 82 exchange and remittance centers (2006: 78) in the Kingdom of Saudi Arabia.

**b) Shari'a Authority**

The Bank established a Shari'a Authority (the "Authority"). It ascertains that all the Bank's activities are subject to its approvals and control, including all sources of income.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of preparation**

The Bank prepares these interim condensed financial statements in accordance with the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency ("SAMA"), and International Financial Reporting Standards ("IFRS"). The Bank also prepares its interim condensed financial statements in accordance with International Accounting Standard No. 34 – Interim Financial Reporting and in compliance with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia. These interim condensed financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2006.

**BANK ALBILAD**  
**(A Saudi Joint Stock Company)**

**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

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

**Adoption of new and revised accounting standards**

The Bank has adopted IFRS 7, Financial Instruments: Disclosures, and amendments to IAS 1 presentation of Financial Statements – Capital Disclosures effective January 1, 2007 with retrospective effect, wherever applicable. IFRS 7 introduces new disclosures of qualitative and quantitative information about exposure to risk arising from financial instruments. The amendment to IAS 1 introduces disclosures about the level of capital and how it manages capital. The changes introduced by these standards do not have any significant implication to these financial statements as they are condensed financial statements.

**Accounting policies**

The accounting policies adopted are consistent with those followed in the preparation of the Bank's audited financial statements for the year ended December 31, 2006.

**3. INVESTMENTS, NET**

Investments comprise the following:

	<u>SAR' 000</u>		
	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)	March 31, 2006 (Unaudited)
<b>Investments held at amortized cost:</b>			
Murabaha	6,790,805	6,841,808	3,002,162
Bei Ajel	2,242,147	2,346,007	2,316,892
Musharaka	527,020	375,731	229,405
Installment sales	167,466	95,352	-
<b>Investments available for sale:</b>			
Other investments, net	<u>170,368</u>	<u>165,927</u>	<u>-</u>
<b>Total</b>	<u><u>9,897,806</u></u>	<u><u>9,824,825</u></u>	<u><u>5,548,459</u></u>



**BANK ALBILAD**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

**4. CUSTOMER DEPOSITS**

Customer deposits comprise the following:

	<u>SAR' 000</u>		
	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)	March 31, 2006 (Unaudited)
Current accounts - Saudi Riyal	4,770,357	4,834,870	2,915,015
Current accounts - foreign currencies	11,428	13,805	15,217
Current accounts - Al Bilad Account	559,000	-	-
Other deposits	68,415	70,015	138,910
	<u>5,409,200</u>	<u>4,918,690</u>	<u>3,069,142</u>
Customer direct investments	<u>2,571,404</u>	<u>2,939,369</u>	-
<b>Total</b>	<u><b>7,980,604</b></u>	<u><b>7,858,059</b></u>	<u><b>3,069,142</b></u>

During the period ended March 31, 2007 the Bank introduced the "Al Bilad Account" where the holders of such accounts will be entitled to income on their balances.

**5. COMMITMENTS AND CONTINGENCIES**

The Bank's commitments and contingencies are as follows:

	<u>SAR' 000</u>		
	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)	March 31, 2006 (Unaudited)
Letters of credit	278,648	368,468	167,146
Letters of guarantee	637,070	486,413	370,743
Acceptances	244,565	108,406	125,415
<b>Total</b>	<u><b>1,160,283</b></u>	<u><b>963,287</b></u>	<u><b>663,304</b></u>

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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

**6. CASH AND CASH EQUIVALENTS**

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

	<u>SAR' 000</u>		
	March 31, 2007 (Unaudited)	December 31, 2006 (Audited)	March 31, 2006 (Unaudited)
Cash	235,740	303,191	97,638
Due from banks (maturing within 90 days of acquisition)	98,087	124,274	68,651
Balances with SAMA (current accounts)	<u>89,849</u>	<u>88,812</u>	<u>55,751</u>
<b>Total</b>	<b><u>423,676</u></b>	<b><u>516,277</u></b>	<b><u>222,040</u></b>

**7. EMPLOYEE SHARE PLAN**

The Bank plans to establish an employee compensation program in the form of a share option scheme the formation of which was approved by the Board of Directors in its meeting held on November 13<sup>th</sup>, 2006. The Board has resolved to use the balance of the unallocated shares of 258,500 shares for this program at par value of SAR 10 per share, in addition to one million shares which were bought from the market during 2006 at a total cost of SAR 39 million. SAMA has given its initial approval for this program; and the terms of the employee share plan are in the process of being finalized. The employee share plan will consist of the following:

	<u>SAR in million</u>	<u>Number of shares</u>
Unallocated shares balance, at par value	2.6	258,500
New shares bought from the market, at cost	39	1,000,000
<b>Total</b>	<b><u>41.6</u></b>	<b><u>1,258,500</u></b>



**BANK ALBILAD**  
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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

**8. SEGMENTAL INFORMATION**

For management purposes, the Bank is comprised of five main business segments, as follows:

- **Personal Banking/Retail Segment:** Includes services and products to individuals, including deposits, AlBilad accounts, Islamic financing products, investments and local and international shares dealing services.
- **Corporate and Private Banking Segment:** Includes services and products to corporate and high net worth individuals including deposits, Islamic financing products, letters of credit, letters of guarantee and other investments products.
- **Treasury and Investments Segment:** Includes treasury services and dealing with financial institutions.
- **Remittances Segment (Enjaz Centers):** Includes products and services through Enjaz network, including currency exchange, inward and outward transfers and remittances cheques.
- **Others:** This segment includes all other cost centers and profit centers in the head office in areas of technology services and support.

Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance.

The Bank's primary business is conducted in Saudi Arabia. The Bank's total assets and liabilities at March 31, 2007 and 2006, its total operating income, expenses, and net income for the three-month period then ended, by business segment are as follows:

2007 SAR'000 (Unaudited)	Personal banking / Retail segment	Corporate and private banking segment	Treasury and investments segment	Remittances segment (Enjaz centers)	Others	Total
Total assets	486,939	3,781,032	3,663,089	196,380	3,176,265	11,303,705
Total liabilities	3,546,038	3,437,389	1,171,172	37,620	62,008	8,254,227
Total operating income	33,682	49,871	42,109	18,958	28,124	172,744
Total operating expenses	32,376	36,200	23,783	18,839	35,853	147,051
Net income (loss) for the period	1,306	13,671	18,326	119	(7,729)	25,693



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**NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS**  
**FOR THE THREE-MONTH PERIOD ENDED MARCH 31, 2007 AND 2006 (Unaudited)**

2006 SAR'000 (Unaudited)	Personal banking / Retail segment	Corporate and private banking segment	Treasury and investments segment	Remittances segment (Enjaz centers)	Others	Total
Total assets	297,018	2,612,878	442,777	120,730	3,048,914	6,522,317
Total liabilities	2,531,997	780,492	137,268	28,855	41,500	3,520,112
Total operating income	45,348	100,592	31,826	2,606	25,786	206,158
Total operating expenses	44,460	10,662	8,515	19,135	20,504	103,276
Net income (loss) for the period	888	89,930	23,311	(16,529)	5,282	102,882

**9. CORRESPONDING FIGURES**

Comparative figures have been reclassified wherever necessary to conform to the current period presentation.