BANK ALBILAD
(A Saudi Joint Stock Company)

Consolidated Financial Statements
For the year ended December 31, 2010

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2010 AND 2009

	Notes	2010 SAR'000	2009 SAR'000
ASSETS			
Cash and balances with SAMA	4	**2,497,282**	1,297,241
Due from banks and other financial institutions, net	5	**4,032,405**	2,826,483
Investments, net	6	**1,610,918**	1,534,439
Financing, net	7	**12,289,826**	11,014,115
Property and equipment, net	8	**341,890**	394,502
Other assets	9	**344,365**	344,412
Total assets		**21,116,686**	**17,411,192**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Liabilities			
Due to SAMA	10	**-**	150,000
Due to banks and other financial institutions	11	**382,429**	48,327
Customer deposits	12	**16,932,415**	13,720,627
Other liabilities	13	**698,881**	490,056
Total liabilities		**18,013,725**	**14,409,010**
Shareholders' equity			
Share capital	14(a)	**3,000,000**	3,000,000
Employee share plan	14(b)	**(42,136)**	(42,128)
Statutory reserve	15	**52,246**	29,166
Other reserve	6 &16	**23,611**	15,144
Retained earnings		**69,240**	-
Total shareholders' equity		**3,102,961**	**3,002,182**
Total liabilities and shareholders' equity		**21,116,686**	**17,411,192**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Notes	2010 SAR'000	2009 SAR'000
INCOME:			
Income from investing and financing assets	18	**646,192**	572,254
Return on deposits and financial liabilities	19	**(21,447)**	(24,140)
Net income from investing and financing assets		**624,745**	548,114
Fee and commission income, net	20	**341,879**	279,533
Exchange income, net		**121,162**	73,680
Dividend income	21	**3,478**	4,448
Gains (Losses) on non-trading investments, net	22	**7,557**	(2,188)
Other operating income	23	**311**	5,468
Total operating income		**1,099,132**	**909,055**
EXPENSES:			
Salaries and employee related benefits		**384,593**	403,484
Rent and premises related expenses		**100,337**	106,403
Depreciation and amortization	8	**111,107**	139,111
Other general and administrative expenses		**121,228**	145,099
Impairment charge for investing and other financial assets		**47,244**	60,987
Impairment charge for financing assets	7(a)	**242,303**	302,360
Total operating expenses		**1,006,812**	**1,157,444**
Net income (loss) for the year		**92,320**	**(248,389)**
Basic and diluted earning (loss) per share (Saudi Riyals)	24	**0.31**	**(0.83)**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	2010 SAR'000	**2009 SAR'000**
Net income (loss) for the year	**92,320**	(248,389)
Other comprehensive income:		
- Available for sale financial assets		
Net change in fair value	**8,467**	37,885
Total comprehensive income / (loss) for the year	**100,787**	**(210,504)**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

		SAR'000					
2010	**Note**	**Share capital**	**Employee share plan**	**Statutory reserve**	**Other reserve**	**Retained earnings**	**Total**
Balance at the beginning of the year		**3,000,000**	**(42,128)**	**29,166**	**15,144**	**-**	**3,002,182**
Total comprehensive income for the year		**-**	**-**	**-**	**8,467**	**92,320**	**100,787**
Returned shares for employee share plan		**-**	**(8)**	**-**	**-**	**-**	**(8)**
Transfer to statutory reserve	**15**	**-**	**-**	**23,080**	**-**	**(23,080)**	**-**
Balance at the end of the year		**3,000,000**	**(42,136)**	**52,246**	**23,611**	**69,240**	**3,102,961**
2009							
Balance at the beginning of the year		3,000,000	(41,974)	93,911	(22,741)	183,644	3,212,840
Total comprehensive loss for the year		-	-	-	37,885	(248,389)	(210,504)
Returned shares for employee share plan		-	(154)	-	-	-	(154)
Transfer from statutory reserve	15	-	-	(64,745)	-	64,745	-
Balance at the end of the year		**3,000,000**	**(42,128)**	**29,166**	**15,144**	**-**	**3,002,182**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009

	Note	2010 SAR' 000	2009 SAR' 000
OPERATING ACTIVITIES			
Net income (loss) for the year		**92,320**	(248,389)
Adjustments to reconcile net income (loss) to net cash from (used in) operating activities:			
(Gains) losses on non-trading investments, net		**(7,557)**	2,188
Adjustment of property and equipment, net		**(1,494)**	39,253
Depreciation and amortization		**111,107**	139,111
Impairment charge for investing and other financial assets		**47,244**	60,987
Impairment charge for financing assets		**242,303**	302,360
Operating profit before changes in operating assets and liabilities		**483,923**	**295,510**
Net (increase) / decrease in operating assets:			
Statutory deposits with SAMA		**(206,098)**	(148,702)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		**(999,801)**	260,528
Investments		**(50,575)**	353,525
Financing		**(1,518,014)**	(3,040,391)
Other assets		**47**	(8,098)
Net increase/ (decrease) in operating liabilities:			
Due to SAMA		**(150,000)**	(675,000)
Due to banks and other financial institutions		**334,102**	(590,771)
Customer deposits		**3,211,788**	2,749,582
Other liabilities		**208,825**	86,250
Net cash from (used in) operating activities		**1,314,197**	**(717,567)**
INVESTING ACTIVITIES			
Purchase of non-trading investments		**(159,294)**	-
Proceeds from sales of non-trading investments		**149,414**	18,293
Purchase of property and equipment		**(57,167)**	(38,840)
Proceeds from sale of property and equipment		**166**	3,366
Net cash (used in) investing activities		**(66,881)**	**(17,181)**
FINANCING ACTIVITIES			
(Returned) shares for employee share plan		**(8)**	(154)
Net cash (used in) financing activities		**(8)**	**(154)**
Increase (decrease) in cash and cash equivalents		**1,247,308**	**(734,902)**
Cash and cash equivalents at beginning of the year		**2,594,556**	**3,329,458**
Cash and cash equivalents at end of the year	25	**3,841,864**	**2,594,556**
Income received from investing and financing assets		**605,479**	**505,008**
Return paid on deposits and financial liabilities		**18,522**	**35,697**
Supplemental non cash information			
Net changes in fair value reserve		**8,467**	**37,885**

The accompanying notes 1 to 39 form an integral part of these consolidated financial statements.

1. GENERAL

a) Incorporation and operation

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

The Bank operates under Commercial Registration No. 1010208295 dated 10 Rabi Al Awal 1426H (corresponding to April 19, 2005) and its Head Office is located at the following address:

Bank AlBilad
P.O. Box 140
Riyadh 11411
Kingdom of Saudi Arabia

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries, 'AlBilad Investment Company' and 'AlBilad Real Estate Company' (collectively referred to as "the Group"). The Group's objective is to provide a full range of banking services, financing and investing activities through various Islamic instruments. The activities of the Bank are conducted in accordance with Islamic Shariah and within the provisions of the Articles and Memorandum of Association, by-laws and the Banking Control Law. The activities are monitored by an independent Shariah authority established by the Bank. The Bank provides these services through 75 banking branches (2009: 67) and 104 exchange and remittance centers (2009: 94) in the Kingdom of Saudi Arabia.

b) Shariah Authority

The Bank has established a Shariah authority ("the Authority"). It ascertains that all the Bank's activities are subject to its approvals and control.

2. BASIS OF PREPARATION

a) Statement of compliance

The consolidated financial statements are prepared in accordance with the Accounting Standards for Financial Institutions promulgated by the Saudi Arabian Monetary Agency ("SAMA") and with International Financial Reporting Standards ("IFRS"). The Bank also prepares its consolidated financial statements to comply with the requirements of Banking Control Law and the Regulations of Companies in the Kingdom of Saudi Arabia and the Bank's Articles of Association.

b) Basis of measurement

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets and liabilities held at Fair Value through Income Statement (FVIS) and available-for-sale financial assets.

c) Functional and presentation currency

The consolidated financial statements are presented in Saudi Arabian Riyals (SAR), which is the Bank's functional currency. Except as indicated, financial information presented in SAR has been rounded to the nearest thousand.

d) Critical accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions that might affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Such estimates, assumptions and judgments 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. Significant areas where management uses estimates, assumptions or exercised judgments are as follows:

(i) Impairment losses on financing assets

The Bank reviews its financing portfolio to assess specific and collective impairment at least on a quarterly basis. In determining whether an impairment loss should be recorded, the Bank makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows. The evidence may include observable data indicating that there has been an adverse change in the payment status of borrowers with the Bank.

Management uses estimates based on historical loss experience for financing with credit risk characteristics and objective evidence of impairment similar to those in the portfolio when estimating cash flows. The methodology and assumptions used for estimating both the amount and the timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience.

(ii) Fair value of unquoted financial instruments

The fair values of financial instruments that are not quoted in active markets are determined by using valuation techniques. Where valuation techniques (for example, models) are used to determine fair values, they are validated and periodically reviewed by qualified personnel independent of the area that created them. Models are calibrated to ensure that outputs reflect actual data and comparative market prices. To the extent practical, models use only observable data, however areas such as credit risk (both own and counter party), volatilities and correlations require management to make estimates. Changes in assumptions about these factors could affect reported fair value of financial instruments. Unquoted equity financial instruments are stated at cost less impairment if the fair value of the investments cannot be reliably measured.

(iii) Classification of held-to-maturity investments

The Bank follows the guidance of IAS 39 on classifying non-derivative financial assets with fixed or determinable payments and fixed maturity as held-to-maturity. In making this judgement, the Bank evaluates its intention and ability to hold such investments to maturity.

(iv) Impairment of available-for-sale equity investments

The Bank exercises judgment to consider impairment on the available-for-sale equity investments. This includes determination of a significant or prolonged decline in the fair value below its cost. In making this judgment, the Bank evaluates among other factors, the normal volatility in share price. In addition, the Bank considers impairment to be appropriate when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology, and operational and financing cash flows.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of these consolidated financial statements are set out below. The accounting policies used in the preparation of these consolidated financial statements are consistent with those of the prior year except for amendments to the existing standards, as mentioned below:

1) IAS 27 consolidated and separate financial statements (amended 2008). The amendment deal primarily with the accounting for change in ownership interests in subsidiaries after control is obtain , the accounting for the loss of control of subsidiaries , and the allocation of profit or loss to controlling and non-controlling interests in subsidiaries .
2) Improvements to IFRSs 2009 – amendments to applicable and relevant standards and interpretations.

a) Basis of the preparation of the consolidated financial statements

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which the 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 year are included in the consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

Non-controlling interest represent the portion of net income and net assets attributable to interests which are not owned, directly or indirectly, by the Bank in its subsidiaries. As at December 31, 2010, non-controlling interest of 1% of net assets in AlBilad Investment Company is ‘’ not presented separately in the consolidated statement of income and within equity in the consolidated statement of financial position. AlBilad Real Estate Company is 100% owned by the Bank.

Inter-group balances and any income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

b) Trade date accounting

All regular-way purchases and sales of financial assets are recognized and derecognized on the trade date, i.e. the date that the Bank commits to purchase or sell the assets. Regular-way purchases or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the market place.

All other financial asset and liabilities (including assets and liabilities designated at fair value through consolidated income statement are initially recognized on trade date at which the Bank become a party to the contractual provision of the instrument.

c) Foreign currencies

Transactions in foreign currencies are translated into Saudi Riyals ('SAR') at exchange rates prevailing on the dates of the transactions. Monetary assets and liabilities at the year-end, denominated in foreign currencies, are translated into SAR at exchange rates prevailing at the date of the consolidated statement of financial position.

Realized and unrealized gains or losses on exchange are credited or charged to the consolidated income statement.

d) Offsetting

Financial assets and liabilities are offset and reported net in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Bank intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

e) Investments and financing

i) Investments - The Bank classifies its principal investments as follows:

Following initial recognition, subsequent transfers between the various classes of investments and financing are not ordinarily permissible. The subsequent period-end reporting values for each class of investment are determined on the basis set out in the following paragraphs.

Available for sale investments - Available-for-sale investments are those intended to be held for an unspecified period of time, which may be sold in response to need for liquidity.

Available for sale investments are initially recognized at fair value including acquisition charges associated with the investments and are subsequently measured at fair value. Unrealized gain / loss for a change in fair value is recognized in “other reserves” under equity. On de-recognition gain / loss previously recognized in equity is included in the consolidated income statement.

For securities traded in organized financial markets, fair value is determined by reference to exchange quoted market bid prices at the close of business on the statement of financial position date. Fair value of managed assets and investments in mutual funds are determined by reference to declared net asset values.

For securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is based on the expected cash flows of the security. Where the fair values cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of mathematical models. The input to these models is taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values.

Held to maturity investments - Held to maturity investments are not-derivatives financial assets with fixed and determinable payments and fixed maturities that the Bank's management has the positive intention and ability to hold.

Held to maturity investments are initially recognised at fair value including acquisition charges associated with the investments and are subsequently measured at amortized cost less any amount written off and the provision for impairment.

ii) Financing - Financing comprising of Bei-ajel, installment sales and Musharakah, originated by the Bank, are initially recognized at fair value including acquisition costs and is subsequently measured at cost less any amounts written off, and provision for impairment, if any. Financing is recognised when cash is advanced to borrowers, and are derecognized when either customer repays their obligations, or the financing are sold or written off, or substantially all the risks and rewards of ownership are transferred.

Bei-ajel and installment sales - These financing contracts are based on Murabaha whereby the Bank sells to customers a commodity or an asset which the Bank has purchased and acquired based on a promise received from the customer to buy. The selling price comprises the cost plus an agreed profit margin. Bei ajel is used for corporate customers whereas installment sales are used for retail customers.

Ijarah is an agreement whereby the Bank, acting as a lessor, purchases or constructs an asset for lease according to the customer (lessee) request, based on his promise to lease the asset for an agreed rent and for a specific period. Ijarah could end by transferring the ownership of the leased asset to the lessee.

Musharakah is an agreement between the Bank and a customer to contribute to a certain investment enterprise or the ownership of a certain property ending up with the acquisition by the customer of the full ownership. The profit or loss is shared as per the terms of the agreement.

f) Impairment of financial assets

An assessment is made at the date of each statement of financial position to determine whether there is objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the difference between the asset's carrying amount and the present value of estimated future cash flows is calculated and any impairment loss is recognized for changes in the asset's carrying amount. The carrying amount of the financial assets held at amortized cost, is adjusted either directly or through the use of a provision account, and the amount of the adjustment is included in the consolidated income statement.
Specific provisions are evaluated individually. Considerable judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of provision required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgment and uncertainty, and actual results may differ resulting in future changes to such provisions. In addition to the specific provisions described above, the Bank also makes collective impairment provisions, which are evaluated on a portfolio basis and are created for losses, where there is objective evidence that unidentified losses exist at the reporting date. The amount of the provision is estimated based on the historical default patterns of the

investment and financing counter-parties as well as their credit ratings, taking into account the current economic climate.

The criteria that the Bank uses to determine that there is objective evidence of an impairment loss include:

- delinquency in contractual payments of principal or profit;
- cash flow difficulties experienced by the customer;
- breach of repayment covenants or conditions;
- initiation of bankruptcy proceedings against the customer;
- deterioration of the customer’s competitive position; and
- deterioration in the value of collateral.

When financing amount is uncollectible, it is written-off against the related provision for impairment. Such financing is written-off after all necessary procedures have been completed and the amount of the loss has been determined.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the customer’s credit rating), the previously recognized impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognized in the consolidated income statement in impairment charge. Financial assets are written off only in circumstances where effectively all possible means of recovery have been exhausted.

For equity investments held as available-for-sale, a significant or prolonged decline in fair value below its cost represents objective evidence of impairment. The impairment loss cannot be reversed through consolidated income statement as long as the asset continues to be recognized i.e. any increase in fair value after impairment can only be recognized in equity. On derecognition, any cumulative gain or loss previously recognized in equity is included in the consolidated income statement.

g) Revenue recognition

Income from investing and financing assets is recognized in the consolidated income statement using the effective yield method on the outstanding balance over the term of the contract.

Fee and commission are recognized when the service has been provided. Financing commitment fee that are likely to be drawn down are deferred and, together with the related direct cost, are recognized as an adjustment to the effective yield on the financing.

Portfolio and other management advisory and service fee are recognized based on the applicable service contracts, usually on a time-proportionate basis.

Fees received on asset management, wealth management, financial planning, custody services and other similar services that are provided over an extended period of time, are recognized over the period when the service is being provided. When a financing commitment is not expected to result in the draw-down of a financing, financing commitment fees are recognised on a straight-line basis over the commitment period.

Special commission income against commodity murabaha with SAMA is recognised in the consolidated income statement on a time proportion basis.

Exchange income/loss is recognized when earned/incurred.

Dividend income from investment in equities is recognized when the right to receive the dividend is established.

h) Derecognition of financial instruments

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognised, when the contractual rights to receive the cash flows from the financial asset expires.

In instances where the Bank is assessed to have transferred a financial asset, the asset is derecognised if the Bank has transferred substantially all the risks and rewards of ownership. Where the Bank has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognised only if the Bank has not retained control of the financial asset. The Bank recognises separately, as assets or liabilities, any rights and obligations created or retained in the process.

A financial liability (or a part of a financial liability) can only be derecognised when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expired.

i) Zakat and Withholding Tax

Under Saudi Arabian Zakat and Income Tax Regulations, Zakat is the liability of the Saudi shareholders. Zakat is computed on the Saudi shareholders’ share of equity or net income using the basis defined under the Zakat Regulations.

Zakat is not charged to the Bank’s consolidated income statement as it is deducted from the dividends paid to the shareholders.

Withholding tax is withheld from payments made to non-resident vendors for services rendered and goods purchased according to the tax law applicable in Saudi Arabia and are directly paid to the Department of Zakat & Income Tax on a monthly basis.

j) Provisions

Provisions are recognized when the Bank has a present legal or constructive obligation arising as a result of past events and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount of the obligation can be made. Provisions are reviewed at each statement of financial position date and are adjusted to reflect the current best estimate.

k) Contingent assets and liabilities

Contingent assets are not recognized by the Bank, and are also not disclosed unless an inflow of economic benefits is probable and contingent liabilities are not recognized, and are disclosed unless the probability of an outflow of resources embodying economic benefits is remote.

In ordinary course of business, the Bank gives financial guarantees, consisting of letter of credit, guarantees and acceptances. The premium received on financial guarantees is initially recognised in the financial statements at fair value in other liabilities. The premium received is recognised in the consolidated income statement in “Fee and commission income, net" on a straight line basis over the life of the guarantee.

Acceptances comprise undertakings by the Bank to pay bills of exchange drawn on customers. The Bank expects most acceptances to be settled simultaneously with the reimbursement from the customers. Acceptances are accounted for as off-financial position transactions and are disclosed as contingent liabilities and commitments.

l) Accounting for leases

Leases entered into by the Bank as a lessee are all operating leases. Accordingly, payments are charged to the consolidated income statement on straight-line basis over the period of the lease. Leases entered into by the Bank as a lessor are all operating leases.

m) Cash and cash equivalents

For the purpose of the statement of cash flows, “cash and cash equivalents” are defined as those amounts included in cash and balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with a maturity of three months or less from the date of acquisition.

n) Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and amortization. The cost of property and equipment and other fixed assets are depreciated or amortized using the straight-line method over the estimated useful lives of the assets, as follows:

Leasehold improvements	10 years or the lease period, whichever is shorter
Equipment and furniture	4 to 6 years
Computer hardware and software	5 years

The assets’ residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts and are included in the consolidated income statement.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Any carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

o) Customer deposits

Customer deposits, which are non-commission bearing accounts, are stated initially at fair value of the amount received and subsequently are measured at amortized cost.

p) Investment management services

The Bank offers investment management services to its customers, through its subsidiary, which include management of certain investment funds in consultation with professional investment advisors. The Bank’s share of these funds is included in the available-for-sale investment and fee income earned from managing these funds is disclosed under related party transactions.

Assets held in trust or in a fiduciary capacity are not treated as assets of the Bank and accordingly, are not included in the Bank's consolidated financial statements.

q) Income excluded from the consolidated income statement

The Shariah Authority of the Bank conducts from time to time Shariah reviews to ensure compliance of its Shariah decisions. In cases where revenues have been wrongly or inadvertently recognized, the Board of Directors of the Bank shall, at the request of the Chief Executive Officer (CEO), authorize the exclusion of such revenues from the Bank’s income for its final disposal.

4. CASH AND BALANCES WITH SAMA

Cash and balances with SAMA as of December 31 comprise the following:

	2010 SAR’000	2009 SAR’000
Cash in hand	**772,976**	468,272
Statutory deposit	**990,458**	784,360
Other balances	**733,848**	44,609
Total	**2,497,282**	**1,297,241**

In accordance with the Banking Control Law and Regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its customers’ deposits, calculated at the end of each month. The statutory deposit with SAMA is not available to finance the Banks’ day to day operations and therefore are not part of cash and cash equivalents.

5. DUE FROM BANKS AND OTHER FINANCIAL INSTITUTIONS, NET

a) Due from banks and other financial institutions, net as of December 31, comprise the following:

	2010 SAR’000	2009 SAR’000
Current accounts	**129,654**	80,010
Commodity murabaha	**3,999,013**	2,795,491
Provision for impairment on commodity murabaha	**(96,262)**	(49,018)
	3,902,751	2,746,473
Total	**4,032,405**	**2,826,483**

b) Movement of allowance for impairment are summarized as followings:

	2010 SAR' 000	2009 SAR' 000
Balance at beginning of the year	**49,018**	-
Provided during the year	**47,244**	49,018
Balance at end of the year	**96,262**	**49,018**

6. INVESTMENTS, NET

Investments comprise the following as of December 31:

	2010		
	Quoted SAR' 000	**Unquoted SAR' 000**	**Total SAR' 000**
Available-for-sale investments			
Equities	**121,873**	**150,000**	**271,873**
Mutual fund	**38,187**	**-**	**38,187**
	160,060	**150,000**	**310,060**
Held at amortized cost			
Commodity murabaha with SAMA	**-**	**1,300,858**	**1,300,858**
	160,060	**1,450,858**	**1,610,918**

	2009		
	Quoted	Unquoted	Total
Available-for-sale investments	SAR' 000	SAR' 000	SAR' 000
Equities	116,314	150,000	**266,314**
Mutual fund	17,741	-	**17,741**
	134,055	150,000	**284,055**
Held at amortized cost			
Commodity murabaha with SAMA	-	1,250,384	**1,250,384**
	134,055	**1,400,384**	**1,534,439**

a) Movement in other reserves is summarized as follows:

	2010 SAR'000	2009 SAR'000
Balance at beginning of the year	**15,144**	(22,741)
Provided during the year	**8,467**	37,885
Balance at the end of the year	**23,611**	**15,144**

b) The analysis of investments by counter-party is as follows:

	2010 SAR'000	2009 SAR'000
Corporate	**271,873**	**266,314**
Banks and other financial institutions	**38,187**	**17,741**
SAMA	**1,300,858**	**1,250,384**
Total	**1,610,918**	**1,534,439**

c) Equities reported under available-for-sale investments include unquoted shares for SAR 150 million (2009: SAR 150) that are carried at cost, as their fair value cannot be reliably measured.

7. FINANCING, NET

Financing, net as of December 31, comprise the following:

2010	**Performing SAR' 000**	**Non performing SAR' 000**	**Total SAR' 000**	**Provisions SAR' 000**	**Net 2010 SAR' 000**
Held at amortized cost					
Bei ajel	**6,244,515**	**628,775**	**6,873,290**	**(554,911)**	**6,318,379**
Installment sales	**4,451,825**	**29,727**	**4,481,552**	**(45,540)**	**4,436,012**
Ijarah	**375,103**	**-**	**375,103**	**-**	**375,103**
Musharakah	**1,143,622**	**49,288**	**1,192,910**	**(32,578)**	**1,160,332**
Total	**12,215,065**	**707,790**	**12,922,855**	**(633,029)**	**12,289,826**

2009					
Held at amortized cost					
Bei ajel	**6,703,827**	**581,690**	**7,285,517**	**340,608**	**6,944,909**
Installment sales	**2,893,789**	**17,665**	**2,911,454**	**22,269**	**2,889,185**
Ijarah	**375,093**	**-**	**375,093**	**-**	**375,093**
Musharakah	**803,064**	**29,762**	**832,826**	**27,898**	**804,928**
Total	**10,775,773**	**629,117**	**11,404,890**	**390,775**	**11,014,115**

a) Impairment charge for financing assets:

The movement in the impairment provision for financing for the years ended 31 December is as follows:

	2010 SAR' 000	2009 SAR' 000
Balance at beginning of the year	**390,775**	91,644
Provided during the year	**242,303**	302,360
Amounts written off during the year	**(49)**	(3,229)
Balance at end of the year	**633,029**	**390,775**

b) The concentration risks and related provision, by major economic sectors as of December 31, are as follows:

2010	**Performing financing SAR' 000**	**Non-performing financing SAR' 000**	**Provisions SAR' 000**	**Financing, net SAR' 000**
Commercial	**1,995,093**	**61,496**	**(40,428)**	**2,016,161**
Industrial	**1,175,942**	**361,852**	**(363,517)**	**1,174,277**
Building and construction	**2,301,028**	**6,251**	**(5,151)**	**2,302,128**
Transportation and communication	**6,281**	**-**	**-**	**6,281**
Services	**460,126**	**57,401**	**(59,343)**	**458,184**
Agriculture and fishing	**560,135**	**22,443**	**(5,611)**	**576,967**
Personal	**4,451,825**	**29,727**	**(45,540)**	**4,436,012**
Other	**1,264,635**	**168,620**	**(113,439)**	**1,319,816**
Total	**12,215,065**	**707,790**	**(633,029)**	**12,289,826**

2009	**Performing financing SAR '000**	**Non-performing financing SAR '000**	**Provisions SAR '000**	**Financing, net SAR '000**
Commercial	1,869,591	17,597	(15,734)	**1,871,454**
Industrial	1,251,888	366,674	(262,684)	**1,355,878**
Building and construction	2,790,475	6,867	(4,779)	**2,792,563**
Transportation and communication	18,211	-	-	**18,211**
Services	239,314	59,842	(58,430)	**240,726**
Agriculture and fishing	558,055	-	-	**558,055**
Personal	2,893,789	17,665	(22,269)	**2,889,185**
Other	1,154,450	160,472	(26,879)	**1,288,043**
Total	10,775,773	629,117	(390,775)	**11,014,115**

c) Credit quality of portfolio (neither past due nor impaired)

For presentation purposes, the Bank has categorized its portfolio of financing that are neither past due nor impaired into five sub categories i.e. excellent, good, satisfactory, fair risk and watch list.

Grades	2010 SAR' 000	2009 SAR' 000
Excellent	**879,448**	381,399
Good	**5,753,906**	4,059,100
Satisfactory	**832,506**	1,926,706
Fair risk	**4,111,389**	3,724,265
Watch list	**484,045**	545,075
Total	**12,061,294**	**10,636,545**

Excellent:
Strong financial position with excellent liquidity, capitalization, earnings, cash flow, management and capacity to repay are excellent.

Good:
Healthy financial position with good liquidity, capitalization, earnings, cash flow, management and capacity to repay are good.

Satisfactory:
Acceptable financial position with reasonable liquidity, capitalization, earnings, cash flow, management and capacity to repay are good.

Fair risk:
Financial position is fair but volatile. However, capacity to repay remains acceptable.

Watch list:
Cash flow problems may result in delay in payment of profit / installment. Facilities require frequent monitoring, however management considers that full repayment will be received.

d) The table below sets out gross balances of individually impaired financing, together with the fair value of related collaterals held by the Bank as at 31 December:

2010	**Bei Ajel SAR '000**	**Installment sales SAR '000**	**Ijarah SAR '000**	**Musharakah SAR '000**	**Total SAR '000**
Individually impaired loan	**628,775**	**29,727**	**-**	**49,288**	**707,790**
Fair value of collateral	**619,591**	**1,210**	**-**	**72,493**	**693,294**

2009	**Bei Ajel SAR '000**	**Installment sales SAR '000**	**Ijarah SAR '000**	**Musharakah SAR '000**	**Total SAR '000**
Individually impaired loan	581,690	17,665	-	29,762	629,117
Fair value of collateral	522,220	2,531	-	8,465	533,216

e) Credit quality of portfolio (past due but not impaired)

2010	Bei Ajel SAR '000	Installment sales SAR '000	Ijarah SAR '000	Musharakah SAR '000	Total SAR '000
1 to 30 days	-	119,506	-	-	119,506
31 to 90 days	2,352	23,828	-	8,085	34,265
91 to 180 days	-	-	-	-	-
Above 180 days	-	-	-	-	-
Total	2,352	143,334	-	8,085	153,771
Fair value of collateral	2,352	59,217	-	-	61,569
2009					
1 to 30 days	25,007	45,768	-	16,944	87,719
31 to 90 days	-	13,535	-	13,099	26,634
91 to 180 days	24,875	-	-	-	24,875
Above 180 days	-	-	-	-	-
Total	49,882	59,303	-	30,043	139,228
Fair value of collateral	167,695	-	-	16,017	183,712

Neither past due nor impaired and past due but not impaired comprise the total performing financing.

f) Collateral

The Bank in the ordinary course of its financing activities holds collateral as security to mitigate credit risk. The collateral mostly includes deposits, financial guarantees, local equities and real estate. Collateral is principally held against corporate and real estate facilities and is managed against relevant exposures at their net realizable values.

The financing balances at December 31 as per the type of collateral are as follows:

2010	Bei Ajel SAR '000	Musharaka SAR '000	Ijarah SAR '000	Installment sales SAR '000	Total SAR '000
Real estate	2,263,150	91,800	-	1,175,721	3,530,671
Shares and investment	1,607,089	327,772	-	-	1,934,861
Third party guarantee	2,484,210	643,455	-	-	3,127,665
Unsecured	518,841	129,883	375,103	3,305,831	4,329,658
Total	6,873,290	1,192,910	375,103	4,481,552	12,922,855

2009	Bei Ajel SAR '000	Musharaka SAR '000	Ijarah SAR '000	Installment sales SAR '000	Total SAR '000
Real estate	2,429,052	108,721	-	760,028	**3,297,801**
Shares and investment	1,779,323	284,739	-	-	**2,064,062**
Third party guarantee	1,957,983	265,758	-	-	**2,223,741**
Unsecured	1,119,159	173,608	375,093	2,151,426	**3,819,286**
Total	**7,285,517**	**832,826**	**375,093**	**2,911,454**	**11,404,890**

8. PROPERTY AND EQUIPMENT, NET

Property and equipment, net comprise the following as of December 31:

SAR '000	**Leasehold improvements**	**Equipment and furniture**	**Computer hardware and software**	**Total 2010**	**Total 2009**
Cost:					
January 1	**345,710**	**166,545**	**287,556**	**799,811**	**838,124**
Additions during the year	**23,982**	**18,899**	**14,286**	**57,167**	**47,277**
Adjustments / disposal	**(45)**	**(128)**	**-**	**(173)**	**(85,590)**
At December 31	**369,647**	**185,316**	**301,842**	**856,805**	**799,811**
Accumulated depreciation and amortization:					
January 1	**103,536**	**108,984**	**192,789**	**405,309**	**300,732**
Charge for the year	**34,743**	**50,242**	**26,122**	**111,107**	**139,111**
Adjustments / disposal	**(1,286)**	**(184)**	**(31)**	**(1,501)**	**(34,534)**
At December 31	**136,993**	**159,042**	**218,880**	**514,915**	**405,309**
Net book value:					
At December 31, 2010	**232,654**	**26,274**	**82,962**	**341,890**	
At December 31, 2009	**242,174**	**57,561**	**94,767**		**394,502**

Leasehold improvements include work-in-progress as of December 31, 2010 amounting to SAR 11 Million (2009: SAR 16 million).

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9. OTHER ASSETS

Other assets comprise the following as of December 31:

	Note	2010 SAR'000	2009 SAR'000
Prepaid rental expenses		**11,736**	29,316
Advances to suppliers		**11,879**	11,518
Management fee receivable		**5,764**	4,993
Other	9.1	**314,986**	298,585
Total		**344,365**	**344,412**

9.1 Included in "Other" is an amount of SAR 280 million (2009: SAR 280 million) representing cost of land purchased by the Bank. SAMA has authorized the Bank to hold the land partly for its own use and to sell remaining part, and the decision of the Board of Directors in this respect is pending.

10. DUE TO SAMA

Due to SAMA comprise the following as of December 31:

	2010 SAR'000	2009 SAR'000
Cash management account with SAMA	**-**	**150,000**

The above amount represents borrowing from SAMA against cash management facility available to Islamic banks.

11. DUE TO BANKS AND OTHER FINANCIAL INSTITUTIONS

Due to banks and other financial institutions comprise the following as of December 31:

	2010 SAR'000	2009 SAR'000
Current accounts	**4,753**	10,821
Time investments	**377,676**	37,506
Total	**382,429**	**48,327**

12. CUSTOMER DEPOSITS

Customer deposits comprise the following as of December 31:

	Notes	**2010 SAR'000**	2009 SAR'000
Current accounts	12.1	**11,372,006**	9,532,335
AlBilad accounts		**2,518,512**	3,043,370
Customers' time investments		**2,779,786**	963,916
Other deposits	12.2	**262,111**	181,006
Total		**16,932,415**	**13,720,627**

12.1 Current accounts include foreign currency deposits of SAR 34 million which mainly comprise of amount in USD (2009: SAR 40 million).

12.2 Other deposits include collateral on behalf of the Bank's mutual funds of SAR 6 million (2009: SAR 4 million) and margins held for irrevocable commitments of SAR 256 million (2009: SAR 177 million).

13. OTHER LIABILITIES

Other liabilities comprise the following as of December 31:

	2010 SAR'000	2009 SAR'000
Accounts payable	**483,203**	319,353
Accrued expenses - Staff	**86,266**	77,562
Accrued operating expenses	**55,933**	47,642
Other	**73,479**	45,499
Total	**698,881**	**490,056**

14. SHARE CAPITAL

a) The authorized issued and fully paid capital of the Bank consists of 300 million shares of SAR 10 each. (2009: 300 million shares of SAR 10 each)

b) Employee share plan

The Bank plans to establish an employee compensation program in the form of a share option scheme, the formation of which has been approved by the Board of Directors (“the Board") in its meeting held on November 13, 2006.

In addition to the original subscription of 310,295 shares, the Board resolved to purchase an additional one million shares for this plan. This purchase was made in 2006 at a total cost of SAR 39 million. SAMA has given its initial approval for this plan however the terms of the plan are still in the process of being finalized.

	SAR in million	Numbers of shares
Total employee share plan	42	1,311,110

These shares are disclosed under shareholders' equity in the statement of financial position and will be transferred to 'Employee Share Plan' once finalized.

15. STATUTORY RESERVE

In accordance with Article 13 of the Saudi Arabian Banking Control Law, a minimum of 25% of the annual net income is required to be transferred to the statutory reserve until this reserve equals the paid up capital of the Bank. Accordingly, SAR 23 million (2009: Nil) has been transferred to the statutory reserve. The statutory reserve is not currently available for distribution.

16. OTHER RESERVE

Other reserve represents the net unrealized revaluation gains/(losses) of available for sale investments. These reserves are not available for distribution.

17. COMMITMENTS AND CONTINGENCIES

a) Legal proceedings

As of December 31, 2010, there were routine legal proceedings outstanding against the Bank. No provisions have been made as professional legal advice indicates that it is not probable that any significant loss will arise.

b) Capital commitments

As of December 31, 2010, the Bank had capital commitments of SAR 38 million (2009: SAR 25 million) relating to leasehold improvements on leased branches.

c) Credit related commitments and contingencies

Credit related commitments and contingencies mainly comprise letters of guarantee, standby letters of credit, acceptances and unused commitments to extend credit facilities. The primary purpose of these instruments is to ensure that funds are available to customers as required. Letters of guarantee and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as investments.

Documentary and commercial letters of credit, which are written undertakings by the Bank on behalf of a customer authorizing a third party to draw drafts on the Bank up to a stipulated amount under specific terms and conditions, are collateralized by the underlying shipments of goods to which they relate, and therefore, carry less risk.

Cash requirements under letters of credit and guarantee are considerably less than the amount of the commitment because the Bank does not generally expect the third party to draw funds under the agreement.

Commitments to extend credit represent unused portions of authorization to extend credit, principally in the form of financing, guarantees or letters of credit. With respect to credit risk relating to commitments to extend unused credit, the Bank is potentially exposed to a loss in an amount which is equal to the total unused commitments. The amount of any related loss, which cannot be reasonably estimated, is expected to be considerably less than the total unused commitments, since most commitments to extend credit are contingent upon customers maintaining specific credit standards. The total outstanding commitments to extend credit do not necessarily represent future cash requirements, as many of these commitments could expire or terminate without being funded.

(i) The contractual maturity structure of the Bank's commitments and contingencies is as follows:

2010 (SAR'000)	**Less than 3 months**	**From 3 months to 12 months**	**From 1 to 5 years**	**Total**
Letters of credit	**345,478**	**413,583**	**21,883**	**780,944**
Letters of guarantee	**225,576**	**742,153**	**682,145**	**1,649,874**
Acceptances	**197,460**	**45,228**	**-**	**242,688**
Underwriting	**-**	**300,000**	**-**	**300,000**
Total	**768,514**	**1,500,964**	**704,028**	**2,973,506**

2009 (SAR'000)	Less than 3months	From 3 months to 12 months	From 1 to 5 years	Total
Letters of credit	298,185	215,217	2,569	**515,971**
Letters of guarantee	126,053	589,194	726,598	**1,441,845**
Acceptances	211,545	44,455	16,689	**272,689**
Underwriting	-	300,000	-	**300,000**
Total	**635,783**	**1,148,866**	**745,856**	**2,530,505**

The outstanding unused portion of commitments, as of December 31, 2010, which can be revoked at any time by the Bank amounts to SAR 3.5 million (2009: SAR 2.7 million).

(ii) The analysis of commitments and contingencies by counter party as of December 31 is as follows :

	2010 SAR'000	2009 SAR'000
Corporate	**2,868,052**	2,161,793
Financial institutions (Guarantees)	**72,444**	67,394
Other	**33,010**	301,318
Total	**2,973,506**	**2,530,505**

d) Operating lease commitments

The future minimum lease payments under non-cancelable operating leases where the Bank is the lessee are as follows:

	2010 SAR'000	2009 SAR'000
Less than one year	**59,200**	50,000
One year to five years	**210,840**	167,622
Over five years	**57,236**	82,528
Total	**327,276**	**300,150**

e) Restricted investment accounts

	2010 SAR'000	2009 SAR'000
Under Wakalah arrangement	**188,409**	**771,724**

The Bank accepts restricted investment from customers under Wakalah arrangements. These investments are invested by the Bank in commodity Murabaha with banks and other financial institutions. Management fee are charged on these accounts.

f) The Department of Zakat and Income Tax (DZIT) conducted an inspection of the Bank for calculation of the Zakat due for the year ended December 31, 2006, 2007 and 2008. As per the assessments, the DZIT disallowed financing and other financial assets for the year 2006 and arbitrarily disallowed certain expenses for the years 2007 & 2008 which resulted in a Zakat base of SAR 2.53 billion, SAR 2.6.billion and SAR2.66 billion and Zakat liability of SAR 63.3 million, SAR 62.5 million and SAR 60.9 million as against an amount of SAR 1.7 million, SAR 2.4 million and SAR 5.5 million determined by the Bank for those years respectively. The Bank has filed appeals against the assessment for the year 2006 and in the process of filing appeal against assessments for 2007 and 2008. The estimated amount of Zakat liability for the years ended December 31, 2009 and 2010, based on the assumption applied by the DZIT amounts to SAR 70 million and 69 million, respectively.

Zakat due from the shareholders for the year ended December 31, 2010 amounted to SAR 3.6 million (2009: SAR 5.4 million). Zakat will be paid by the Bank on behalf of the shareholders and will be deducted from their future dividends.

18. INCOME FROM INVESTING AND FINANCING ASSETS

Income from investing and financing assets for the years ended December 31 comprises the following:

	2010 SAR'000	2009 SAR'000
Held at amortized cost		
Investment		
Commodity murabaha with SAMA	**3,807**	10,911
Commodity murabaha with banks and financial institutions	**18,314**	29,453
Financing		
Bei ajel	**313,877**	320,004
Installment sales	**266,139**	165,323
Ijarah	**3,610**	6,937
Mushrakah	**40,445**	39,626
Total	**646,192**	**572,254**

19. RETURN ON DEPOSITS AND FINANCIAL LIABILITES

Return on deposits and financial liabilities for the years ended December 31, comprises the following:

	2010 SAR'000	2009 SAR'000
AlBilad accounts	**1,979**	7,925
Time investments from customers and financial institutions	**19,468**	16,215
Total	**21,447**	**24,140**

20. FEES AND COMMISSION INCOME, NET

Fees and commission income, net for the years ended December 31, comprise the following:

	2010	2009
	SAR'000	SAR'000
Fee and commission income		
ATM and point of sale fee income	**68,215**	60,111
Brokerage commission	**18,600**	28,843
Letter of credit and guarantee fee	**16,487**	11,451
Remittance fee	**243,696**	189,602
Management fee (mutual fund and others)	**23,427**	25,250
Facilities management fee	**42,596**	38,330
Documentation fee	**18,538**	11,585
Others	**6,457**	1,158
Total emocni eef	**438,016**	**366,330**
Fee and commission expenses		
ATM and point of sale fee expenses	**89,565**	80,290
Fee paid to brokers	**3,081**	4,893
Others	**3,491**	1,614
Total fee expenses	**96,137**	**86,797**
Fee and commission income, net	**341,879**	**279,533**

21. DIVIDEND INCOME

Dividend income for the years ended December 31, comprise the following:

	2010	2009
	SAR'000	SAR'000
Available-for-sale investments	**3,478**	**4,448**

22. GAINS (LOSSES) ON NON-TRADING INVESTMENTS, NET

Gains (losses) on non – trading investments for the years ended December 31, comprise the following:

	2010	2009
	SAR'000	SAR'000
Available-for-sale investments	**7,557**	**(2,188)**

23. OTHER OPERATING INCOME

Other operating income for the years ended December 31, comprise the following:

	2010 **SAR'000**	2009 SAR'000
Gains on sale of property and equipment	**166**	1,352
Others	**145**	4,116
Total	**311**	**5,468**

24. BASIC AND DILUTED EARNINGS (LOSS) PER SHARE

Basic and diluted earnings (loss) per share for the years ended December 31, 2010 and 2009 are calculated by dividing the net income (loss) for the year by 300 million shares outstanding as of December 31, 2010 and 2009.

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the consolidated statement of cash flows comprise the following as of December 31:

	2010 **SAR'000**	2009 SAR'000
Cash	**772,976**	468,272
Due from banks and other financial institutions (maturing within ninety days from acquisition)	**2,335,040**	2,081,675
Balances with SAMA (excluding statutory deposit)	**733,848**	44,609
Total	**3,841,864**	**2,594,556**

26. SEGMENTAL INFORMATION

Operating segments are identified on the basis of internal reports about components of the Bank that are regularly reviewed by the Assets and Liabilities Committee (ALCO), the Chief Operating Decision Maker, in order to allocate resources to the segments and to assess its performance. The Bank's main business is conducted in the Kingdom of Saudi Arabia.

For management purposes, the Bank is divided into the following five segments:

Retail banking
Includes services and products to individuals, including deposits, financing, remittances and currency exchange.

Corporate banking
Services and products including deposits, financing and trade services to corporate and commercial customers.

Treasury
Dealing with other financial institutions and providing treasury services to all segments.

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

Other
All other support functions.

Transactions between the above segments are under the terms and conditions of the approved Fund Transfer Pricing (FTP) system. The support segments and Head Office expenses are allocated to business segments, based on approved criteria.

a) The Bank's total assets and liabilities, together with its total operating income and expenses, and net income /(loss), for the years ended December 31, for each segment are as follows:

SAR'000	2010					
	Retail Banking	Corporate Banking	Treasury	Investment banking and brokerage	Other	Total
Total assets	**6,194,816**	**8,047,032**	**5,942,340**	**331**	**932,167**	**21,116,686**
Capital expenditures	**31,128**	**26**	**10**	**834**	**25,169**	**57,167**
Total liabilities	**11,867,061**	**5,461,089**	**500,191**	**277**	**185,107**	**18,013,725**
Total operating income	**571,263**	**353,282**	**127,286**	**32,956**	**14,345**	**1,099,132**
Impairment charge for financing assets	**23,319**	**218,984**	**-**	**-**	**-**	**242,303**
Impairment charge for investing and other financial assets	**-**	**-**	**47,244**	**-**	**-**	**47,244**
Depreciation and amortization	**90,934**	**14,816**	**3,594**	**1,578**	**185**	**111,107**
Total operating expenses	**590,080**	**322,365**	**66,521**	**23,245**	**4,601**	**1,006,812**
Net income (loss) for the year	**(18,817)**	**30,917**	**60,765**	**9,711**	**9,744**	**92,320**

SAR'000	2009					
	Retail Banking	Corporate Banking	Treasury	Investment banking and brokerage	Other	Total
Total assets	4,313,299	8,291,522	3,991,445	77,738	737,188	**17,411,192**
Capital expenditures	29,336	482	7	-	17,452	**47,277**
Total liabilities	11,376,405	2,296,542	187,506	377,930	170,627	**14,409,010**
Total operating income	376,511	331,493	148,767	35,445	16,839	**909,055**
Impairment charge for financing assets	22,269	280,091	-	-	-	**302,360**
Impairment charge for investing and other financial assets	-	-	60,987	-	-	**60,987**
Depreciation and amortization	109,558	13,839	3,668	11,868	178	**139,111**
Total operating expenses	638,507	379,462	71,193	16,153	52,129	**1,157,444**
Net income (loss) for the year	(261,996)	(47,969)	77,574	19,292	(35,290)	**(248,389)**

(b) The Bank's credit exposure by business segments is as follows:

2010 SAR'000	**Retail banking segment**	**Corporate & Private banking**	**Treasury**	**Total**
Total asset	**4,436,012**	**7,853,814**	**5,333,263**	**17,623,089**
Commitments and Contingencies	**-**	**1,300,117**	**-**	**1,300,117**

2009 SAR'000	Retail banking segment	Corporate & Private banking	Treasury	Total
Total asset	2,889,185	8,124,930	4,076,867	**15,090,982**
Commitments and Contingencies	**-**	1,119,724	**-**	**1,119,724**

Bank credit exposure is comprised of due from bank and other financial institutions, investments and financing.

27. FINANCIAL RISK MANAGEMENT

Banking activities involve varieties of financial risks which are assessed by conducting set of analysis, evaluation, acceptance and management of some degree of risk or combination of risks. Exposing to risk centers in the banking business, and these risks are an inevitable consequence of participating in financial markets and products. The Bank's aim is therefore to achieve an appropriate balance between risk and return and minimize potential adverse effects on the Bank's financial performance with ultimate objective of enhancing the shareholders value.

The Bank's risk management policies, procedures and systems are designed to identify and analyze these risks and to set appropriate risk mitigates and controls. The Bank reviews its risk management policies and systems on an ongoing basis to reflect changes in markets, products and emerging best practice.

Risk management is governed by set of policies that are approved by the Board of directors which are reviewed regularly. Credit and Market risk are managed via identification, measurement and control of financial risks in close co-operation with the Bank's operating units. The most important types of risks identified by the Bank are credit risk, operational risk, liquidity risk and market risk. Market risk includes currency risk, profit rate risk and price risk.

28. CREDIT RISK

The Bank manages exposure to credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Credit exposures arrive principally in financing and investment activities. There is also credit risk in off-financial position financial instruments, such as letters of credit, letter of guarantees and financing commitments.

The Bank assesses the probability of default of counterparties using internal rating tools. Also, the Bank uses external ratings of the major rating agencies, where available.

The Bank attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the creditworthiness of counterparties. The Bank's risk management policies are designed to identify and to set appropriate risk limits and to monitor the risks and adherence to limits. Actual exposures against limits are monitored daily. In addition to monitoring credit limits, the Bank manages the credit exposure relating to its trading activities by entering into master netting agreements and collateral arrangements with counterparties in appropriate circumstances, and limiting the duration of exposure.

Concentrations of credit risk arise when a number of counterparties are engaged in similar business activities, or activities in the same geographic region, or have similar economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions.

Concentrations of credit risk indicate the relative sensitivity of the Bank's performance to developments affecting a particular industry or geographical location.

The Bank seeks to manage its credit risk exposure through diversification to ensure that there is no undue concentration of risks with individuals or groups of customers in specific locations or businesses. It also takes security when appropriate. The Bank also seeks additional collateral from the counterparty as soon as impairment indicators are noticed for the relevant facilities.

Management monitors the market value of collateral, requests additional collateral in accordance with the underlying agreement and monitors the market value of collateral obtained during its review of the adequacy of the allowance for impairment losses.

The Bank regularly reviews its risk management policies and systems to reflect changes in market products and emerging best practice.

Analysis of financing by counter-party is provided in note 6(b). For details of the composition of financing refer to note 7. For commitments and contingencies refer to note 17. The information on the Bank's maximum credit exposure by operating business segment is given in note 26(b). The information on maximum credit risk exposure is provided in note 26(b).

a) Geographical Concentration

(i) The geographical distribution of major assets, liabilities, commitments and contingencies and credit risk as of December 31:

2010 SAR'000	Kingdom of Saudi Arabia	Other GCC and Middle East	Europe	South East Asia	Other countries	Total
Assets						
Cash and balances with SAMA	2,425,158	29,744	2,715	-	39,665	2,497,282
Due from banks and other financial institutions, net	2,145,015	1,798,168	6,413	68,536	14,273	4,032,405
Investments, net	1,610,918	-	-	-	-	1,610,918
Financing, net	12,289,826	-	-	-	-	12,289,826
Total	18,470,917	1,827,912	9,128	68,536	53,938	20,430,431
Liabilities						
Due to SAMA	-	-	-	-	-	-
Due to banks and other financial institutions	272,666	109,204	559	-	-	382,429
Customer deposits	16,932,415	-	-	-	-	16,932,415
Total	17,205,081	109,204	559			17,314,844
Commitments and contingencies	2,973,506	-	-	-	-	2,973,506
Credit risk (stated at credit equivalent amounts) **on Commitments and Contingencies**	1,295,601	-	-	-	-	1,295,601

2009 SAR'000	**Kingdom of Saudi Arabia**	**Other GCC and Middle East**	**Europe**	**South East Asia**	**Other countries**	**Total**
Assets						
Cash and balances with SAMA	1,297,241	-	-	-	-	1,297,241
Due from banks and other financial institutions, net	2,082,644	677,850	18,157	20,347	27,485	2,826,483
Investments, net	1,534,439	-	-	-	-	1,534,439
Financing, net	11,014,115	-	-	-	-	11,014,115
Total	**15,928,439**	**677,850**	**18,157**	**20,347**	**27,485**	**16,672,278**
Liabilities						
Due to SAMA	150,000	-	-	-	-	150,000
Due to banks and other financial institutions	48,327	-	-	-	-	48,327
Customer deposits	13,720,627	-	-	-	-	13,720,627
Total	**13,918,954**	**-**	**-**	**-**	**-**	**13,918,954**
Commitments and contingencies	**2,530,505**	**-**	**-**	**-**	**-**	**2,530,505**
Credit risk (stated at credit equivalent amounts) on **Commitments and Contingencies**	**1,119,724**	-	-	-	-	**1,119,724**

Credit equivalent amounts reflect the amounts that result from translating the Bank's off-financial position commitments and contingencies into the risk equivalent of financing facilities using credit conversion factors prescribed by SAMA. Credit conversion factor is used to capture the potential credit risk resulting from the Bank meeting its commitments.

ii) The geographical distribution of the impaired investing and financing assets and the impairments provision for investing and financing assets is set out as below:

2010 **SAR'000**	**Kingdom of Saudi Arabia**	**Other GCC and Middle East**	**Europe**	**South East Asia**	**Other countries**	**Total**
Non- performing financing assets	**707,790**	**-**	**-**	**-**	**-**	**707,790**
Provision for impairment on financing assets	**633,029**	**-**	**-**	**-**	**-**	**633,029**
Net non- performing financing assets	**74,761**	**-**	**-**	**-**	**-**	**74,761**
Non- performing other financial assets	**-**	**96,262**	**-**	**-**	**-**	**96,262**
Provision for impairment on other financial assets	**-**	**96,262**	**-**	**-**	**-**	**96,262**
Net non-performing other financial assets	**-**	**-**	**-**	**-**	**-**	

2009 SAR'000						
Non- performing financing assets	629,117		-	-	-	**629,117**
Provision for impairment On financing assets	390,775	-	-	-	-	**390,775**
Net non- performing financing assets	**238,342**	**-**	**-**	**-**	**-**	**238,342**
Non- performing other financial assets	146,024	96,262	-	-	-	**242,286**
Provision for impairment on other financial assets	11,969	49,018	-	-	-	**60,987**
Net non-performing other financial assets	**134,055**	**47,244**	**-**	**-**	**-**	**181,299**

29. MARKET RISK

Market risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate due to changes in market variables such as profit rate, foreign exchange rates, and equity prices.

a) Profit rate risk

Cash flow profit rate risk is the risk that the future cash flows of a financial instrument will fluctuate due to changes in market profit rates. The Bank does not have any significant exposure to the effects of fluctuations in prevailing level of market profit rates on its future cash flows as a significant portion of profit earning financial assets and profit bearing liabilities are at fixed rates and are carried in the financial statements at amortized cost. In addition to this, a substantial portion of the Bank's financial liabilities are non-interest bearing.

b) Foreign exchange rate risk

(i) The Bank is exposed to the effects of fluctuations in foreign currency exchange rates on both its financial position and on its cash flows. The Bank's management sets limits on the level of exposure by individual currency and in total for intra day positions, which are monitored daily.

The Bank had the following summarized exposure to foreign currency exchange rate risk as at December 31:

	2010		2009	
	Saudi Riyal SAR '000	**Foreign Currency SAR '000**	Saudi Riyal SAR '000	Foreign Currency SAR '000
Assets				
Cash and balances with SAMA	**2,425,159**	**72,123**	1,274,973	22,268
Due from banks and other financial institutions, net	**2,922,357**	**1,110,048**	2,028,954	797,529
Investments, net	**1,610,918**	**-**	1,534,439	-
Financing, net	**11,914,723**	**375,103**	10,639,022	375,093
Property and equipment, net	**341,890**	**-**	394,502	-
Other assets	**344,188**	**177**	344,412	-
Total	**19,559,235**	**1,557,451**	**16,216,302**	**1,194,890**
Liabilities and equity				
Due to SAMA	**-**	**-**	150,000	-
Due to banks and other financial institutions	**34,344**	**348,084**	10,552	37,775
Customer deposits	**16,863,102**	**69,313**	13,665,922	54,705
Other liabilities	**684,726**	**14,155**	477,071	12,985
Equity	**3,102,961**	**-**	3,002,182	-
Total	**20,685,133**	**431,552**	**17,305,727**	**105,465**

A substantial portion of the net foreign currency exposure to the Bank is in US Dollars, where the SAR is pegged to the US Dollar. The other currency exposures are not considered significant to the Bank's foreign exchange rate risks and as a result the Bank is not exposed to major foreign exchange rate risks.

(ii) Currency Position

At the end of the year, the Bank had the following significant net exposures denominated in foreign currencies:

	2010 SAR '000 Long/(short)	2009 SAR '000 Long/(short)
US Dollar	**1,014,424**	925,502
Euro	**(388)**	(2,565)
UAE Dirham	**13,464**	3,844
Bangladeshi Taka	**10,660**	(13,951)
Others	**87,739**	176,595
Total	**1,125,899**	**1,089,425**

The Bank has performed a sensitivity analysis for the probability of changes in foreign exchange rates, other than US Dollars, using historical average exchange rates and has determined that there is no significant impact on its net foreign currency exposures.

c) Equity Price Risk

Equity risk refers to the risk of decrease in fair values of equities in the Bank's available-for-sale investment portfolio as a result of reasonably possible changes in levels of equity indices and the value of individual stocks.

The effect on the Bank's equity investments held as available for sale due to reasonably possible change in equity indices, with all other variables held constant is as follows:

	December 31, 2010		**December 31, 2009**	
Market Indices	**Change in equity price %**	**Effect in SAR '000**	**Change in equity price %**	**Effect in SAR '000**
Tadawul	**± 5**	**8,003**	± 5	6,703
Unquoted	**± 2**	**3,000**	± 2	3,000

30. LIQUIDITY RISK

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash, cash equivalents, and readily marketable securities.

The table below summarises the maturity profile of the Bank's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period at the consolidated statement of financial position date to the contractual maturity date and do not take account of the effective maturities as indicated by the Bank's deposit retention history. The amounts disclosed in the table are the contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected discounted cash inflows.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports cover the liquidity position of both the Bank and operating subsidiary. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% (2009: 7%) of total demand deposits and 4% (2009: 4%) of time deposits. In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its total deposits, in the form of cash and assets, which can be converted into cash within a period not exceeding 30 days.

The Bank has the ability to raise additional funds through special investment arrangements facilities with SAMA.

a) The maturity profile of assets, liabilities and equity as of December 31 are as follows:

2010 SAR'000	**Within 3 Months**	**3 months to 1 year**	**One year to 5 years**	**Over 5 years**	**No fixed maturity**	**Total**
Assets						
Cash and balances with SAMA	1,506,824	-	-	-	-	1,506,824
Statutory deposit with SAMA	-	-	-	-	990,458	990,458
Due from banks and other financial institutions, net	3,663,230	369,175	-	-	-	4,032,405
Investments, net	1,300,858	-	-	-	310,060	1,610,918
Financing, net	2,960,440	3,204,018	6,125,368	-	-	12,289,826
Property and equipment, net	-	-	-	-	341,890	341,890
Other assets	-	-	-	-	344,365	344,365
Total assets	9,431,352	3,573,193	6,125,368	-	1,986,773	21,116,686
Liabilities and equity						
Due to banks and other financial institutions	382,429	-	-	-	-	382,429
Customers' deposits	15,403,022	1,380,524	148,869	-	-	16,932,415
Other liabilities	-	-	-	-	698,881	698,881
Shareholders' equity	-	-	-	-	3,102,961	3,102,961
Total liabilities and equity	15,785,451	1,380,524	148,869	-	3,801,842	21,116,686

2009 **SAR'000**	**Within 3 Months**	**3 months to 1 year**	**One year to 5 years**	**Over 5 Years**	**No fixed maturity**	**Total**
Assets						
Cash and balances with SAMA	512,881	-	-	-	-	**512,881**
Statutory deposit with SAMA	-	-	-	-	784,360	**784,360**
Due from banks and other financial institutions, net	2,081,675	744,808	-	-	-	**2,826,483**
Investments, net	1,250,384	-	-	-	284,055	**1,534,439**
Financing, net	2,162,142	4,361,329	4,096,354	394,290	-	**11,014,115**
Property and equipment, net	-	-	-	-	394,502	**394,502**
Other assets	-	-	-	-	344,412	**344,412**
Total assets	**6,007,082**	**5,106,137**	**4,096,354**	**394,290**	**1,807,329**	**17,411,192**
Liabilities and equity						
Due to SAMA	150,000	-	-	-	-	**150,000**
Due to banks and other financial institutions	48,327	-	-	-	-	**48,327**
Customer deposits	13,018,022	702,605				**13,720,627**
Other liabilities	-	-	-	-	490,056	**490,056**
Shareholders' equity	-	-	-	-	3,002,182	**3,002,182**
Total liabilities and equity	**13,216,349**	**702,605**	**-**	**-**	**3,492,238**	**17,411,192**

b) Analysis of financial liabilities by the remaining contractual maturities as of December 31, are as follows

2010 **SAR'000**	**Within 3 Months**	**3 months to 1 year**	**One year to 5 years**	**Over 5 Years**	**No fixed Maturity**	**Total**
Financial liabilities						
Due to banks and other financial institutions	**382,516**	**-**	**-**	**-**	**-**	**382,516**
Customer deposits	**15,403,945**	**1,394,099**	**148,869**	**-**	**-**	**16,946,913**

2009 SAR'000						
Financial liabilities						
Due to SAMA	150,000	**-**	**-**	**-**	**-**	**150,000**
Due to banks and other financial institutions	48,327	-	**-**	**-**	**-**	**48,327**
Customer deposits	13,017,834	711,795	**-**	**-**	**-**	**13,729,629**

31. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable and, willing parties, in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates.

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.

2010 **SAR' 000**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets				
Financial investments available for sale	**160,060**	**-**	**150,000**	**310,060**
2009 SAR' 000				
Financial Assets				
Financial investments available for sale	134,055	-	150,000	**284,055**

The fair values of on-statement of financial position financial instruments are not significantly different from the carrying values included in the financial statements. The fair values of financing due from and due to banks which are carried at amortized cost are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.

32. Staff compensations

Categories of Employee	No. of. Employees	Fixed Compensation SAR' 000	Variable Compensation SAR' 000	Total Compensation SAR' 000	Forms of payment
Senior Executives (requiring SAMA no Objection)	**7**	**8,251**	**1,618**	**9,869**	Account transfer
Employees engaged in risk taking activities (including client facing staff)	**1,450**	**151,412**	**2,618**	**154,030**	Account transfer
Employees engaged in control functions	**97**	**23,859**	**1,542**	**25,401**	Account transfer
Other employees	**407**	**63,028**	**6,222**	**69,250**	Account transfer
TOTAL	**1,961**	**246,550**	**12,000**	**258,550**	

The Bank has a very comprehensive Compensation Policy, the aim of which is to recruit, train, develop, promote and retain the best available talents who shall contribute to and assist the bank in realizing its business goals and objectives. The aim of this policy is also to ensure that, at all times, The Bank has the adequate number of employees with the right qualifications, skills and traits to perform jobs that will result in achieving short and long-term objectives and goals of the Bank and are align to the overall risk strategy of the Bank. The Bank encourages internal recruitment to provide its existing employees with career enhancement opportunities as long as this does not conflict with or hinder the plans of the employee's existing unit.

The compensation policy in addition to the monthly remuneration and benefits, includes performance incentive scheme for all employees which is based on the performance of the Bank as a whole, performance of the respective Group / Division /Department and the performance of the individual employee. All these factors are assessed on periodical basis and the results are shared with the stakeholders based on which the incentive is announced at the close of each accounting period.

The Board of Directors of the Bank has established a Remuneration Incentive Committee, comprising of the following members:

1. Mr. Abdulrahman bin Mohammed Ramzi Addas – Chariman.
2. Mr. Nasser bin Mohammed AlSubaie – Member.
3. Mr. Khaled bin Abdulaziz AlMograirn – Member.
4. Mr. Mohammed bin Abdullah AlGwaiz – Member.
5. Mr. Khaled AlHathaal – Member.

The mandate of the Committee is to oversee the compensation system design and operation, prepare and periodically review the compensation policy and evaluate its effectiveness in line with the industry practice.

33. RELATED PARTY BALANCES AND TRANSACTIONS

In the ordinary course of business, the Bank transacts business with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances of transactions with the related parties for the years ended December 31 are as follows:

	2010 **SAR'000**	2009 SAR'000
a) Directors, and other major shareholders and their affiliates balances:		
Bei ajel	**711,054**	900,843
Musharaka	**102,855**	6,242
Commitments and contingencies	**8,103**	20,123
Current accounts	**24,538**	40,240
Al Bilad account	**8,159**	8,386
Direct investments	**90,001**	381

Major shareholders are those shareholders who own 5% or more of the Bank's issued share capital.

	2010 **SAR'000**	2009 SAR'000
b) Bank's Mutual funds:		
These are the outstanding balances with Bank's mutual funds as of December 31:		
Customer deposits	**6,202**	**3,930**

c) Related party income and expense:

The following is an analysis of the related party income and expenses included in the consolidated income statement for the years ended December 31:

	2010 SAR'000	**2009 SAR'000**
Income from financing	**24,197**	16,960
Management fees (AlBilad mutual funds)	**13,332**	16,420
Board of Directors' remunerations	**3,791**	3,529
Compensations, remuneration and bonuses and end of service benefits to executive management members	**31,775**	22,418

Executive management members are those who have the authority and responsibility, directly or indirectly, to plan, steer and control the Bank's activities.

34. CAPITAL ADEQUACY

The Bank's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Bank's ability to continue as a going concern; and to maintain a strong capital base.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management. SAMA requires to hold minimum level of regulatory capital and maintain a ratio of 8% of total regulatory capital to the risk-weighted assets.

	(Unaudited)	
	2010 SAR'000	2009 SAR'000
Credit Risk RWA	15,100,311	13,489,386
Operational Risk RWA	1,933,075	1,779,640
Market Risk RWA	1,126,288	1,107,638
Total Pillar-I RWA	**18,159,674**	**16,376,664**
Tier I Capital	3,010,642	3,250,571
Tier II Capital	155,335	(235,617)
Total Tier I & II Capital	**3,165,977**	**3,014,954**
Capital Adequacy Ratio %		
Tier I ratio	**16.58%**	19.85%
Tier I + Tier II ratio	**17.43%**	18.41%

35. INVESTMENT MANAGEMENT AND BROKERAGE SERVICES

The Bank offers investment management services to its customers through its subsidiary AlBilad Investment Company. These services include the management of five mutual funds with assets totaling SAR 961 million (2009: SAR 1,028 million). All of these funds comply with Shariah rules and are subject to Shariah controls on a regular basis. Some of these mutual funds are managed in association with external professional investment advisors. The Bank also manages private investment portfolios on behalf of its customers. The financial statements of these funds and private portfolios are not included in the financial statements of the Bank. However, the transactions between the Bank and the funds are disclosed under related party transactions (see Note 33).

36. BASEL II PILLAR 3 DISCLOSURES

Certain additional quantitative disclosures are required under Basel II Pillar 3. These disclosures will be made available to the public on the Bank's website (www.bankalbilad.com) as required by SAMA. Such disclosures are not subject to review or audit by the external auditors.

37. ISSUED IFRS' BUT NOT YET EFFECTIVE

The Bank has chosen not to early adopt IFRS 9,"Financial instruments", part of which has been issued, and is mandatory for compliance for the Bank's fiscal year beginning January 1,2013. The Bank is currently assessing the implication of the standard on the Group and timing of its adoption.

The Bank has chosen not to early adopt revised IAS 24 Related Party Disclosure and Improvements to IFRSs 2010 – amendments to applicable and relevant standards and interpretations, which are applicable for annual periods beginning on or after January 1, 2011 and early adoption is permitted.

38. COMPARATIVE FIGURES

Certain prior year's figures have been reclassified to conform to the current year presentation.

39. APPROVAL OF THE FINANCIAL STATEMENTS

These financial statements were approved by the Bank's Board of Directors on 2 Rabi' Al-awwal 1432H (corresponding to 5 February, 2011).