
Bank AlBilad
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL
STATEMENTS FOR THE THREE AND
NINE-MONTH PERIODS ENDED
SEPTEMBER 30, 2009 AND 2008**

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT

		September 30, 2009 SAR'000 (Unaudited)	December 31, 2008 SAR'000 (Audited)	September 30, 2008 SAR'000 (Unaudited)
	Notes			
<u>ASSETS</u>				
Cash and balances with SAMA		1,452,789	1,125,142	1,724,766
Due from banks and other financial institutions		2,720,391	3,894,328	3,859,483
Investments	5	1,489,276	1,882,529	1,322,753
Financing, net	6	10,564,747	8,274,804	7,444,963
Property and equipment, net		452,008	537,392	555,117
Other assets		339,094	337,594	433,838
Total assets		17,018,305	16,051,789	15,340,920

LIABILITIES AND SHAREHOLDERS' EQUITY

Liabilities

Due to SAMA		360,000	825,000	-
Due to banks and other financial institutions		658,315	639,098	639,352
Customer deposits		12,135,682	10,971,045	10,536,940
Other liabilities		558,603	403,806	923,682
Total liabilities		13,712,600	12,838,949	12,099,974

Shareholders' equity

Share capital		3,000,000	3,000,000	3,000,000
Employee share plan		(42,142)	(41,974)	(41,973)
Statutory reserve		93,911	93,911	62,644
Other reserve		19,191	(22,741)	(22,029)
Retained earnings		234,745	183,644	242,304
Total shareholders' equity		3,305,705	3,212,840	3,240,946

**Total liabilities and
shareholders' equity**

		17,018,305	16,051,789	15,340,920
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The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

	<u>For the three months period ended</u>		<u>For the nine months period ended</u>	
	<u>Sept 30, 2009 SAR' 000</u>	<u>Sept 30, 2008 SAR' 000</u>	<u>Sept 30, 2009 SAR' 000</u>	<u>Sept 30, 2008 SAR' 000</u>
INCOME				
Income from investing and financing assets	147,283	151,803	445,416	492,075
Return paid to depositors	(2,511)	(16,711)	(21,762)	(62,703)
Net income from investing and financing assets	144,772	135,092	423,654	429,372
Fees from banking services, net	67,076	63,117	206,672	186,777
Exchange income, net	16,888	18,513	51,332	55,243
Dividend income	1,047	-	4,448	-
Gain (losses) on non-trading investments, net	-	-	(2,188)	-
Other operating income	736	1,142	4,340	1,143
Total operating income	230,519	217,864	688,258	672,535
EXPENSES				
Salaries and employee-related Benefits	95,292	78,794	298,146	271,556
Rent and premises-related expenses	22,165	24,139	69,172	67,315
Depreciation and amortization	33,555	30,910	98,193	91,206
Other general and administrative Expenses	27,079	36,053	73,129	77,992
Impairment charge for financing and other assets	50,527	3,329	98,517	12,004
Total operating expenses	228,618	173,225	637,157	520,073
Net income for the period	1,901	44,639	51,101	152,462
Basic and diluted earnings per share (Saudi Riyals)	0.01	0.15	0.17	0.51

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE THREE AND NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

	<u>For the three months period ended</u>		<u>For the nine months period ended</u>	
	<u>Sept 30, 2009 SAR'000</u>	<u>Sept 30, 2008 SAR'000</u>	<u>Sept 30, 2009 SAR'000</u>	<u>Sept 30, 2008 SAR'000</u>
Net income for the period	1,901	44,639	51,101	152,462
Other comprehensive income:				
- Available-for-sale financial assets, net fair value change	15,255	(10,005)	41,932	(15,637)
Total comprehensive income for the period	<u>17,156</u>	<u>34,634</u>	<u>93,033</u>	<u>136,825</u>

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

SAR'000

<u>2009</u>	<u>Share capital</u>	<u>Employee share plan</u>	<u>Statutory reserve</u>	<u>Other reserve</u>	<u>Retained earnings</u>	<u>Total</u>
Balance at beginning of the period	3,000,000	(41,974)	93,911	(22,741)	183,644	3,212,840
Employee share plan / Returned shares	-	(168)	-	-	-	(168)
Total comprehensive income for the period	-	-	-	41,932	51,101	93,033
Balance at end of the period	3,000,000	(42,142)	93,911	19,191	234,745	3,305,705

2008

Balance at beginning of the period	3,000,000	(41,987)	62,644	(6,392)	89,842	3,104,107
Employee share plan / Returned shares	-	14	-	-	-	14
Total comprehensive income for the period	-	-	-	(15,637)	152,462	136,825
Balance at end of the period	3,000,000	(41,973)	62,644	(22,029)	242,304	3,240,946

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD**(A Saudi Joint Stock Company)****CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)****FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008**

	Note	2009 SAR' 000	2008 SAR' 000
OPERATING ACTIVITIES:			
Net income for the period		51,101	152,462
Adjustments to reconcile net income to net cash used in operating activities:			
Impairment charge for financing and other assets		98,517	12,004
Depreciation and amortization		98,193	91,206
(Gains) on disposal of property and equipment, net		(1,352)	
Net (increase) decrease in operating assets:			
Statutory deposits with SAMA		(160,236)	(305,641)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		116,058	(3,659,070)
Investments		423,216	10,845
Financing		(2,376,491)	(1,266,992)
Other assets		(1,500)	(63,657)
Net increase (decrease) in operating liabilities:			
Due to SAMA		(465,000)	-
Due to banks and other financial institutions		19,217	639,352
Customer deposits		1,164,637	(2,152,345)
Other liabilities		154,797	81,236
Net cash used in operating activities		(878,843)	(6,460,600)
INVESTING ACTIVITIES:			
Purchase of property and equipment		(14,822)	(52,172)
Proceeds from sale of property and equipment		3,365	-
Net cash used in investing activities		(11,457)	(52,172)
FINANCING ACTIVITIES:			
Returned shares for employee share plan		(168)	14
Net cash from (used in) financing activities		(168)	14
Decrease in cash and cash equivalents		(890,468)	(6,512,758)
Cash and cash equivalents at beginning of the period		3,329,458	7,356,958
Cash and cash equivalents at end of the period	8	2,438,990	844,200
<u>Supplemental non-cash information</u>			
Net changes in fair value reserve		41,932	(15,637)

The accompanying notes from 1 to 11 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

1. General

a) Incorporation and operation

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 Counsel 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) and its Head Office is located at the following address:

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

The interim condensed 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 Bank”). The Bank’s objective is to provide 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 **66** banking branches (**2008: 61**) and **93** exchange and remittance centers (**2008: 84**) in the Kingdom of Saudi Arabia.

In accordance with the Capital Market Authority (“CMA”) directives, the Bank established a wholly owned subsidiary (through direct and beneficial shareholding) ‘AlBilad Investment Company’, a Saudi limited liability company registered in the Kingdom of Saudi Arabia under Commercial Registration No (1010240489) issued on 11 Du Al-Qu'ada 1428H (corresponding to November 20, 2007). The subsidiary took over the management of the Bank's investment services and asset management activities related to dealing, managing, arranging, advising and custody of securities regulated by the CMA. It obtained approval from the CMA for commencement of operations on May 25, 2008. The Bank started consolidating the financial statements of the subsidiary effective from July 01, 2008.

BANK ALBILAD

(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

1. General (continued)

The Bank has also established a wholly owned subsidiary, 'AlBilad Real Estate Company' that obtained its Commercial Registration on 24 Sha'aban 1427H (corresponding to September 17, 2006). The purpose of this company is to register the real estate collaterals that the Bank obtains from its customers.

b) Shariah Authority

The Bank 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

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

The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008. The interim condensed 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 off to the nearest thousands.

3. Basis of consolidation

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

BANK ALBILAD
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

3. Basis of consolidation (continued)

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies, so as to obtain benefits from their activities, generally accompanying 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 off 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.

The minority interests 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. The minority interest of 1% in AlBilad Investment Company and in AlBilad Company Real Estate net assets are owned by representative of the Bank's shareholders and hence, not presented separately in the consolidated statements of income, consolidated statement of comprehensive income and within shareholders' equity in the consolidated statement of financial position.

Inter-group balances and any income and expenses arising from intra-group transactions, are eliminated in preparing these consolidated financial statements.

4. Significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended 31 December 2008, as described in the annual financial statements for the year ended 31 December 2008 except for the adoption of IFRS 8 Operating Segments and amendments to existing standards, as mentioned below. The Bank has adopted the standard and amendments with retrospective effect which had no impact on the financial position and financial performance of the Bank. The comparative information has been restated, where required, to conform to current period presentation.

IFRS 8 Operating Segments, which supersedes IAS 14 Segment Reporting and require disclosure of information about the Bank's operating segments. The revisions and amendments to IAS 1 Presentation of Financial statements and amendments to IFRS 2 'Share based payments' - vesting conditions.

BANK ALBILAD
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

5. INVESTMENTS

	September 30, 2009 SAR' 000 (Unaudited)	December 31, 2008 SAR' 000 (Audited)	September 30, 2008 SAR' 000 (Unaudited)
Equities	271,275	263,498	448,677
Mutual fund	18,027	15,119	19,730
Commodity Murabaha with SAMA	1,199,974	1,603,912	854,346
Total	1,489,276	1,882,529	1,322,753

6. FINANCING, NET

	September 30, 2009 SAR'000 (Unaudited)	December 31, 2008 SAR'000 (Audited)	September 30, 2008 SAR'000 (Unaudited)
Bei Ajel	6,701,677	5,472,307	4,640,115
Installment sales	2,670,492	1,616,973	1,488,503
Ijarah	376,220	375,458	379,506
Musharaka	816,358	810,066	936,839
Total	10,564,747	8,274,804	7,444,963

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

7. COMMITMENTS AND CONTINGENCIES

a) The Bank's commitments and contingencies are as follows:

	September 30, 2009 SAR'000 (Unaudited)	December 31, 2008 SAR'000 (Audited)	September 30, 2008 SAR'000 (Unaudited)
Letters of credit	419,723	448,002	429,257
Letters of guarantee	1,022,055	1,022,902	1,030,787
Acceptances	118,322	179,415	179,024
Underwriting	300,000	1,350,000	-
Total	1,860,100	3,000,319	1,639,068

b) Restricted investment accounts

Under Wakalah arrangement	683,742	815,126	724,734
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The Bank accepts restricted investment accounts from customers under Wakalah arrangement. The amounts received as placement are invested by the Bank in commodity Murabaha with banks and financial institutions. The Bank charges fees for management of these accounts.

c) The DZIT field inspection team conducted the inspection of the Bank for calculation of the Zakat due for the year ending December 31, 2006. As per the assessment the DZIT has disallowed all investments which has resulted in a Zakat base of SAR 2.53 billion and Zakat liability of SAR 63.3 million as against an amount of SAR 1.8 million determined by the Bank. The Bank has filed an appeal against the assessment. The assessments for the years ended December 31, 2007 and 2008 have not been finalized yet.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

8. CASH AND CASH EQUIVALENTS

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

	September 30, 2009 SAR'000 (Unaudited)	December 31, 2008 SAR'000 (Audited)	September 30, 2008 SAR'000 (Unaudited)
Cash	654,772	430,507	610,883
Due from banks (maturing within 90 days from acquisition)	1,782,095	2,839,974	118,347
Balances with SAMA (excluding statutory deposits)	2,123	58,977	114,970
Total	2,438,990	3,329,458	844,200

9. SEGMENTAL INFORMATION

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

a) Retail banking, Includes services and products to individuals including deposits, Islamic financing products, investments and local and international shares dealing services.

b) Corporate & private banking, Includes services and products to corporate and high net worth individuals including deposits, Islamic financing products, letters of credit, letters of guarantee and other investment products and dealing with financial institutions.

c) Treasury, Includes treasury services.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

9. SEGMENTAL INFORMATION (continued)

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

e) Remittances segment (Enjaz Centers), Includes products and services through Enjaz network, including currency exchange, inward and outward transfers and remittances cheques.

f) Other, Includes all other cost centers and profit centers in the Head Office in areas of technology services and support.

2009 SAR'000	Retail banking	Corporate and private banking	Treasury	Investment banking and brokerage	Remittances (Enjaz centers)	Other	Total
Total assets	3,948,427	8,172,657	3,821,959	82,729	60	992,473	17,018,305
Capital expenditures	548	360	7	4	7,761	2,777	11,457
Total liabilities	9,491,895	2,306,987	1,059,777	556,288	177,505	120,148	13,712,600
Total operating income	143,742	266,205	105,452	30,234	140,300	2,325	688,258
Impairment charges for financing and other assets	7,452	79,096	11,969	-	-	-	98,517
Depreciation and amortization	38,873	2,792	877	365	12,329	42,957	98,193
Total operating expenses	290,414	147,780	29,593	46,777	121,796	797	637,157
Net income (loss) for the period	(146,672)	118,425	75,859	(16,543)	18,504	1,528	51,101

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(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

2008 SAR'000	Retail banking	Corporate and private banking	Treasury	Investment banking and brokerage	Remittances (Enjaz centers)	Other	Total
Total assets	2,164,793	7,051,295	1,329,769	675,633	381,834	3,737,596	15,340,920
Capital expenditures	3,981	6,312	-	-	18,759	23,120	52,172
Total liabilities	8,417,897	2,000,117	752,503	619,162	141,938	168,357	12,099,974
Total operating income	147,906	304,174	51,805	17,003	113,461	38,186	672,535
Impairment charges for financing and other assets	11,297	707	-	-	-	-	12,004
Depreciation and amortization	18,137	8,636	559	-	18,968	44,906	91,206
Total operating expenses	105,242	205,941	29,371	10,532	88,247	80,740	520,073
Net income (loss) for the period	42,664	98,233	22,434	6,471	25,214	(42,554)	152,462

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE NINE-MONTHS PERIOD ENDED SEPTEMBER 30, 2009 AND 2008

10. CAPITAL ADEQUACY

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Saudi Arabian Monetary Agency in supervising the Bank.

Capital Adequacy Ratios	September 30, 2009		September 30, 2008	
	Total capital ratio	Tier 1 capital ratio	Total capital ratio	Tier 1 capital ratio
Particulars				
	%		%	
Top consolidated level	21.63	21.30	22.60	21.60

11. COMPARATIVE FIGURES

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