

REVIEW REPORT

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

We have reviewed the accompanying consolidated statements of financial position of **Bank AlBilad** (the “Bank”) and its subsidiaries as of June 30, 2009, and the related consolidated statements of income and comprehensive income for the three-month and six-month periods ended 30 June 2009, and the consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended and the attached notes from (1) to (11). We have not reviewed note (12) nor the information related to “Basel II disclosures” cross-referenced therein, which are not required to be within the scope of our review.

Management’s Responsibility for the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements are the responsibility of the Bank’s management and have been prepared by them in accordance with applicable Accounting Standards for Financial Institutions and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency (“SAMA”) and with International Accounting Standard No. 34 “Interim Financial Reporting” and submitted to us together with all the information and explanations which we required.

Scope of Review

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

We conducted our review in accordance with generally accepted standards in Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements No. 2410. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.


Conclusion

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

Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in Note (10) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in the Note to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

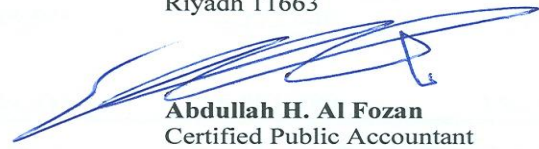
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18 Rajab, 1430H
(July 11, 2009)

Bank AlBilad
(A Saudi Joint Stock Company)

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

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2009 AND 2008

		June 30, 2009	December 31,	June 30, 2008
	<u>Notes</u>	SAR'000	2008	SAR'000
		(Unaudited)	SAR'000	SAR'000
			(Audited)	(Unaudited)
<u>ASSETS</u>				
Cash and balances with SAMA		1,399,635	1,125,142	2,148,715
Due from banks and other financial institutions		2,425,521	3,894,328	3,471,490
Investments	5	1,474,129	1,882,529	1,677,548
Financing, net	6	10,281,795	8,274,804	7,089,671
Property and equipment, net		470,623	537,392	570,091
Other assets		358,113	337,594	374,260
Total assets		16,409,816	16,051,789	15,331,775
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>				
Liabilities				
Due to SAMA		-	825,000	-
Due to banks and other financial institutions		1,006	639,098	-
Customer deposits		12,712,734	10,971,045	11,390,188
Other liabilities		407,527	403,806	735,289
Total liabilities		13,121,267	12,838,949	12,125,477
Shareholders' equity				
Share capital		3,000,000	3,000,000	3,000,000
Employee share plan		(42,142)	(41,974)	(41,987)
Statutory reserve		93,911	93,911	62,644
Other reserve		3,936	(22,741)	(12,024)
Retained earnings		232,844	183,644	197,665
Total shareholders' equity		3,288,549	3,212,840	3,206,298
Total liabilities and shareholders' equity		16,409,816	16,051,789	15,331,775

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)
JUNE 30, 2009 AND 2008

	<u>For the three months period ended</u>		<u>For the six months period ended</u>	
	<u>June 30, 2009 SAR' 000</u>	<u>June 30, 2008 SAR' 000</u>	<u>June 30, 2009 SAR' 000</u>	<u>June 30, 2008 SAR' 000</u>
INCOME				
Income from investing and financing assets	143,896	164,359	298,133	340,272
Return paid to depositors	(5,477)	(16,942)	(19,252)	(45,992)
Net income from investing and financing assets	138,419	147,417	278,881	294,280
Fees from banking services, net	81,411	66,668	139,596	123,660
Exchange income, net	17,209	17,399	34,444	36,731
Dividend income	1,579	-	3,401	-
Gain (losses) on non-trading investments, net	-	-	(2,188)	-
Other operating income	1,885	-	3,604	-
Total operating income	240,503	231,484	457,738	454,671
EXPENSES				
Salaries and employee-related benefits	106,879	94,615	202,855	192,762
Rent and premises-related expenses	26,330	22,113	47,006	43,176
Depreciation and amortization	33,502	29,557	64,637	60,296
Other general and administrative expenses	22,411	23,227	46,050	41,939
Impairment charge for financing and other assets	24,531	4,979	47,990	8,675
Total operating expenses	213,653	174,491	408,538	346,848
Net income for the period	26,850	56,993	49,200	107,823
Basic and diluted earnings per share (Saudi Riyals)	0.09	0.19	0.16	0.36

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
JUNE 30, 2009 AND 2008

	<u>For the three months period ended</u>		<u>For the six months period ended</u>	
	June 30, 2009 SAR'000	June 30, 2008 SAR'000	June 30, 2009 SAR'000	June 30, 2008 SAR'000
Net income for the period	26,850	56,993	49,200	107,823
Other comprehensive income:				
- Available-for-sale financial assets, net fair value change	17,707	66	26,677	(5,632)
Total comprehensive income for the period	<u>44,557</u>	<u>57,059</u>	<u>75,877</u>	<u>102,191</u>

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)
FOR THE SIX-MONTH PERIOD ENDED JUNE 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
Returned shares for employee share plan	-	(168)	-	-	-	(168)
Total comprehensive income for the period	-	-	-	26,677	49,200	75,877
Balance at end of the period	3,000,000	(42,142)	93,911	3,936	232,844	3,288,549
<u>2008</u>						
Balance at beginning of the period	3,000,000	(41,987)	62,644	(6,392)	89,842	3,104,107
Total comprehensive income for the period	-	-	-	(5,632)	107,823	102,191
Balance at end of the period	3,000,000	(41,987)	62,644	(12,024)	197,665	3,206,298

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

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

	Note	2009 SAR' 000	2008 SAR' 000
OPERATING ACTIVITIES:			
Net income for the period		49,200	107,823
Adjustments to reconcile net income to net cash used in operating activities:			
Impairment charge for financing and other assets		47,990	8,675
Depreciation and amortization		64,637	60,296
Net (increase) decrease in operating assets:			
Statutory deposits with SAMA		(122,241)	(544,717)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		1,054,353	(3,366,335)
Investments		423,109	(334,010)
Financing		(2,043,104)	(908,370)
Other assets		(20,519)	(4,080)
Net increase (decrease) in operating liabilities:			
Due to SAMA		(825,000)	-
Due to banks and other financial institutions		(638,092)	-
Customer deposits		1,741,689	(1,299,097)
Other liabilities		3,721	(107,156)
Net cash used in operating activities		(264,167)	(6,386,971)
INVESTING ACTIVITY -			
Purchase (disposal) of property and equipment		2,132	(36,237)
Net cash from (used in) investing activity		2,132	(36,237)
FINANCING ACTIVITY -			
Returned shares for employee share plan		(168)	-
Net cash used in financing activity		(168)	-
Decrease in cash and cash equivalents		(262,203)	(6,423,208)
Cash and cash equivalents at beginning of the period		3,329,458	7,356,956
Cash and cash equivalents at end of the period	8	3,067,255	933,748
Supplemental non-cash information			
Net changes in fair value reserve		26,677	(5,632)

The accompanying notes from 1 to 12 form an integral part of these interim condensed financial statements.

BANK ALBILAD
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 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 **64** banking branches (**2008: 61**) and **88** exchange and remittance centers (**2008: 85**) 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 SIX-MONTH PERIODS ENDED JUNE 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 year 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 SIX-MONTH PERIODS ENDED JUNE 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 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 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 and cancellations and IAS 32 'Financial Instruments: Presentation.

BANK ALBILAD
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

5. INVESTMENTS

	June 30, 2009	December 31,	June 30, 2008
	SAR' 000	2008	SAR' 000
	(Unaudited)	SAR' 000	(Unaudited)
	_____	(Audited)	_____
Equities	256,806	263,498	249,364
Mutual fund	17,240	15,119	22,976
Commodity Murabaha with SAMA	1,200,083	1,603,912	1,405,208
Total	1,474,129	1,882,529	1,677,548

6. FINANCING, NET

	June 30, 2009	December 31,	June 30, 2008
	SAR'000	2008	SAR'000
	(Unaudited)	SAR'000	(Unaudited)
	_____	(Audited)	_____
Bei Ajel	6,905,634	5,472,307	4,751,482
Installment sales	2,164,432	1,616,973	1,139,157
Ijarah	375,107	375,458	375,339
Musharaka	836,622	810,066	823,693
Total	10,281,795	8,274,804	7,089,671

BANK ALBILAD
(A Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

7. COMMITMENTS AND CONTINGENCIES

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

	June 30, 2009	December 31,	June 30, 2008
	SAR'000	2008	SAR'000
	(Unaudited)	SAR'000	(Unaudited)
	<u> </u>	<u> </u>	<u> </u>
Letters of credit	311,754	448,002	706,954
Letters of guarantee	968,974	1,022,902	23,022
Acceptances	133,939	179,415	203,772
Underwriting	400,000	1,350,000	-
Total	<u>1,814,667</u>	<u>3,000,319</u>	<u>933,748</u>

b) Restricted investment accounts

Under Wakalah arrangement	<u>1,390,848</u>	<u>815,126</u>	<u>-</u>
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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 field inspection team from the Department of Zakat and Income Tax ("DZIT") conducted an inspection of the Bank regarding the calculation of the zakat due for the year ended December 31, 2006. As per the assessment received from the DZIT for that year, certain investments were disallowed from being deducted from the zakat base representing in a higher zakat base of SAR 2.53 billion and zakat liability of SAR 63.3 million against zakat liability of SAR 1.8 million as per the Bank's calculation. The Bank is in the process of filing an appeal against this assessment. The final assessments for the years ended December 31, 2007 and 2008, which might result in additional zakat liability, have not yet been finalized by the DZIT. The Bank also intends to file an appeal against any additional zakat as a result of the DZIT assessments for these years.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

8. CASH AND CASH EQUIVALENTS

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

	June 30, 2009 SAR'000 <u>(Unaudited)</u>	December 31, 2008 SAR'000 <u>(Audited)</u>	June 30, 2008 SAR'000 <u>(Unaudited)</u>
Cash	485,203	430,507	706,954
Due from banks (maturing within 90 days from acquisition)	2,425,520	2,839,974	23,022
Balances with SAMA (excluding statutory deposits)	<u>156,532</u>	<u>58,977</u>	<u>203,772</u>
Total	<u>3,067,255</u>	<u>3,329,458</u>	<u>933,748</u>

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, AlBilad accounts, 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 SIX-MONTH PERIODS ENDED JUNE 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 & Private banking	Treasury	Investment banking and brokerage	Remittances (Enjaz centers)	Other	Total
Total assets	2,583,369	8,145,806	4,867,386	106,950	309,873	396,432	16,409,816
Capital expenditures	(3,045)	(69)	-	-	2,749	(1,767)	(2,132)
Total liabilities	8,891,896	3,127,357	726,690	34,038	73,355	267,931	13,121,267
Total operating income	121,971	188,943	18,169	26,976	99,328	2,351	457,738
Impairment charges for financing and other assets	4,509	31,512	11,969	-	-	-	47,990
Depreciation and amortization	23,569	2,636	698	172	10,113	27,449	64,637
Total operating expenses	110,906	130,480	39,902	13,428	80,776	33,046	408,538
Net income (loss) for the period	11,066	58,463	(21,733)	13,548	18,551	(30,695)	49,200

BANK ALBILAD
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 30, 2009 AND 2008

2008 SAR'000	Retail Banking	Corporate & Private banking	Treasury	Investment banking and brokerage	Remittances (Enjaz centers)	Other	Total
Total assets	1,834,038	6,171,053	3,366,513	-	405,881	3,554,290	15,331,775
Capital expenditures	3,567	6,293	-	-	14,127	12,250	36,237
Total liabilities	8,371,927	3,123,668	458,182	-	114,306	57,394	12,125,477
Total operating income	101,224	202,612	51,027	-	72,302	27,506	454,671
Impairment charges for financing and other assets	8,675	-	-	-	-	-	8,675
Depreciation and amortization	4,631	8,347	372	-	18,078	28,868	60,296
Total operating expenses	67,753	135,609	31,168	-	52,546	59,772	346,848
Net income (loss) for the period	33,471	67,003	19,859	-	19,756	(32,266)	107,823

BANK ALBILAD
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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED) FOR THE SIX-MONTH PERIODS ENDED JUNE 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	June 30, 2009		June 30, 2008	
	Total capital ratio	Tier 1 capital ratio	Total capital ratio	Tier 1 capital ratio
Particulars				
	%		%	
Top consolidated level	22.60	22.26	22.40	21.70

11. COMPARATIVE FIGURES

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

12. BASEL II PILLAR 3 DISCLOSURE

Certain additional quantitative disclosures are required under Basel II Pillar 3. These disclosures will be made available for public on the Bank's website (www.bankalbilad.com.sa) within 60 business days after June 30, 2009 as required by SAMA. Such disclosures are not subject to review/audit by the external auditors of the Bank.