



BANK ALBILAD
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE-MONTHS
PERIOD ENDED MARCH 31, 2014**

Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Bank AlBilad (the “Bank”) and its subsidiaries (collectively referred to as “the Group”) as at March 31, 2014 and the related interim consolidated statements of income, comprehensive income, changes in shareholders’ equity and cash flows, and the notes from (1) to (14) for the three-months period then ended. We have not reviewed note (15), nor the information related to “Basel III – Capital Structure” cross-referenced therein, which is not required to be within the scope of our review. The Bank’s management is responsible for the preparation and presentation of these interim condensed consolidated financial statements 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”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with generally accepted standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

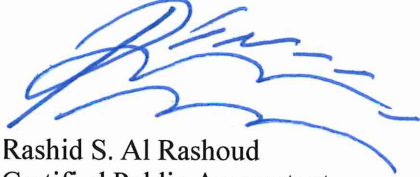
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with applicable Accounting Standards for Financial Institutions issued by SAMA and with International Accounting Standard No. 34.

Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in note (13) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (13) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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24 Jumad Thani 1435H
(24 April 2014)



BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		March 31, 2014 SAR'000 (Unaudited)	December 31, 2013 SAR'000 (Audited)	March 31, 2013 SAR'000 (Unaudited)
	<u>Notes</u>			
ASSETS				
Cash and balances with SAMA		4,717,797	4,186,998	3,123,148
Due from banks and other financial institutions, net		6,279,395	6,155,497	6,564,019
Investments, net	5	2,796,939	1,667,069	2,438,939
Financing, net	6	24,277,480	23,415,423	18,688,388
Property and equipment, net		763,355	762,204	336,614
Other assets		175,689	136,117	176,436
Total assets		39,010,655	36,323,308	31,327,544
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		552,947	975,616	351,182
Customer deposits	7	31,392,199	29,107,718	25,280,638
Other liabilities		1,779,397	1,139,085	1,173,043
Total liabilities		33,724,543	31,222,419	26,804,863
Shareholders' equity				
Share capital	12	4,000,000	4,000,000	3,000,000
Statutory reserve		552,396	552,396	370,104
Other reserves		66,011	43,338	24,427
Retained earnings		721,249	547,535	1,165,315
Employee share plan		(53,544)	(42,380)	(37,165)
Total shareholders' equity		5,286,112	5,100,889	4,522,681
Total liabilities and shareholders' equity		39,010,655	36,323,308	31,327,544

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,**

	<u>Note</u>	<u>2014 SAR'000</u>	<u>2013 SAR'000</u>
INCOME:			
Income from investing and financing assets		236,849	227,885
Return on deposits and financial liabilities		(9,790)	(5,937)
Net income from investing and financing assets		227,059	221,948
Fee and commission income, net		166,800	161,761
Exchange income, net		71,434	58,905
Dividend income		599	2,132
Gains on non-trading investments, net		3,674	2,776
Other operating income		7,939	2,286
Total operating income		477,505	449,808
EXPENSES:			
Salaries and employee related benefits		173,340	144,956
Rent and premises related expenses		49,308	40,369
Depreciation and amortization		23,463	21,315
Other general and administrative expenses		53,030	36,014
Impairment charge for financing, net		4,650	64,650
Total operating expenses		303,791	307,304
Net income for the period		173,714	142,504
Basic and diluted earnings per share (SAR)	12	0.43	0.36

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31,**

	<u>2014</u> <u>SAR'000</u>	<u>2013</u> <u>SAR'000</u>
Net income for the period	173,714	142,504
Other comprehensive income:		
Items that are or may be reclassified to consolidated statement of income		
-Available for sale financial assets:		
Net changes in fair value	26,347	12,137
Net amount transferred to interim consolidated statement of income	(3,674)	(2,776)
Total comprehensive income for the period	<u>196,387</u>	<u>151,865</u>

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31**

<u>2014</u> <u>SAR' 000</u>	<u>Share</u> <u>capital</u>	<u>Statutory</u> <u>reserve</u>	<u>Other</u> <u>reserves</u>	<u>Retained</u> <u>earnings</u>	<u>Employee</u> <u>share plan</u>	<u>Total</u>
Balance at the beginning of the period	4,000,000	552,396	43,338	547,535	(42,380)	5,100,889
Changes in the equity for the period						
Net changes in fair values of available for sale investments			26,347			26,347
Net amount transferred to interim consolidated statement of income			(3,674)			(3,674)
Net income recognized directly in shareholders' equity			22,673			22,673
Net income for the period				173,714		173,714
Total comprehensive income for the period			22,673	173,714		196,387
Employee share plan reserve					(11,164)	(11,164)
Balance at end of the period	4,000,000	552,396	66,011	721,249	(53,544)	5,286,112
<u>2013</u> <u>SAR' 000</u>	<u>Share</u> <u>capital</u>	<u>Statutory</u> <u>reserve</u>	<u>Other</u> <u>reserves</u>	<u>Retained</u> <u>earnings</u>	<u>Employee</u> <u>share plan</u>	<u>Total</u>
Balance at the beginning of the period	3,000,000	370,104	15,066	1,022,811	(37,165)	4,370,816
Changes in the equity for the period						
Net changes in fair value of available for sale financial assets investments			12,137			12,137
Net amount transferred to interim consolidated statement of income			(2,776)			(2,776)
Net income recognized directly in shareholders' equity			9,361			9,361
Net income for the period				142,504		142,504
Total comprehensive income for the period			9,361	142,504		151,865
Balance at end of the period	3,000,000	370,104	24,427	1,165,315	(37,165)	4,522,681

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	Note	2014 SAR' 000	2013 SAR' 000
OPERATING ACTIVITIES			
Net income for the period		173,714	142,504
Adjustments to reconcile net income to net cash from (used in) operating activities:			
Gains on non-trading investments, net		(3,674)	(2,776)
Gains from disposal of property and equipment, net		(3)	(898)
Depreciation and amortization		23,463	21,315
Impairment charge for financing, net		4,650	64,650
Employee share plan		2,702	-
Operating profit before changes in operating assets and liabilities		200,852	224,795
Net (increase) / decrease in operating assets:			
Statutory deposits with SAMA		(204,526)	(29,409)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		338,402	788,476
Investments		(1,098,246)	(950,547)
Financing		(866,707)	(497,362)
Other assets		(39,572)	(35,931)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		(422,669)	(219,648)
Customer deposits		2,284,481	1,539,014
Other liabilities		640,312	78,812
Net cash from operating activities		832,327	898,200
INVESTING ACTIVITIES			
Purchase of non-trading investments		(86,723)	(65,683)
Proceeds from sales of non-trading investments		81,446	126,688
Purchase of property and equipment		(24,703)	(21,726)
Proceeds from sale of property and equipment		92	920
Net cash (used in) from investing activities		(29,888)	40,199
FINANCING ACTIVITIES			
Purchase of shares for employee share plan		(13,866)	-
Net cash used in financing activities		(13,866)	-
Net increase in cash and cash equivalents		788,573	938,399
Cash and cash equivalents at beginning of the period		6,730,029	5,076,661
Cash and cash equivalents at end of the period	9	7,518,602	6,015,060
Income received from investing and financing assets		317,166	256,683
Return paid on deposits and financial liabilities		2,163	2,766
Supplemental non cash information			
Net changes in fair value reserve and net amount transferred to interim consolidated statement of income		22,673	9,361

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014****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 1426 H (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 Group”) these subsidiaries are 100% owned by the Bank and are incorporated in Kingdom of Saudi Arabia. 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 and the Banking Control Law. The Bank provides these services through 104 banking branches (2013: 89) and 152 exchange and remittance centers (2013: 144) in the Kingdom of Saudi Arabia.

b) Shariah Authority

The Bank established a Shariah authority (“the Authority”). It ascertains that all the Group’s activities are subject to its approvals and control.

2. BASIS OF PREPARATION

These 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 International Accounting Standard No. 34 – “Interim Financial Reporting”. The Bank prepares its interim condensed consolidated financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia. These interim condensed consolidated financial statements do not include all of the information and disclosures required for full set of annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2013.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014**

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended December 31, 2013.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) which is the Bank's functional currency and are rounded off to the nearest thousands.

3. BASIS OF CONSOLIDATION

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

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee. 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.

AlBilad Investment Company and AlBilad Real Estate Company are 100% owned by the Bank as at March 31, 2014.

Inter-group balances and any income and expenses arising from intra-group transactions, are eliminated in preparing these interim condensed 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.

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended December 31, 2013 except for the adoption of the following new standards and other amendments to existing standards mentioned below which has had an insignificant effect/no financial impact on the condensed consolidated interim financial statements of the Group on the current period or prior period and is expected to have an insignificant effect in future periods:

- Amendments to IFRS 10, IFRS 12 and IAS 27 that provides consolidation relief for investments funds applicable from 1 January 2014. This mandatory consolidation relief provides that a qualifying investment entity is required to account for investments in controlled entities as well as investments in associates and joint ventures at fair value through profit or loss provided it fulfils certain conditions with an exception being that subsidiaries that are considered an extension of the investment entity's investing activities.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014**

- IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle.
- IAS 36 amendment applicable retrospectively from 1 January 2014 addresses the disclosure of information about the recoverable amount of impaired assets under the amendments, recoverable amount of every cash generating unit to which goodwill or indefinite-lived intangible assets have been allocated is required to be disclosed only when an impairment loss has been recognised or reversed.
- IAS 39 amendment applicable from 1 January 2014 added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specified criteria.

The Group has adopted the above new standards and amendments as applicable

5. INVESTMENTS, NET

	March 31, 2014 SAR' 000 (Unaudited)	December 31, 2013 SAR' 000 (Audited)	March 31, 2013 SAR' 000 (Unaudited)
Available-for-sale investments, net			
Equities	356,964	328,689	306,492
Mutual funds	31,570	28,221	23,361
Floating-rate securities - sukuk	258,000	258,000	58,000
	646,534	614,910	387,853
Held at amortized cost			
Commodity Murabaha with SAMA	2,150,405	1,052,159	2,051,086
Total	2,796,939	1,667,069	2,438,939

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014****6. FINANCING, NET**

	March 31, 2014 SAR'000 (Unaudited)	December 31, 2013 SAR'000 (Audited)	March 31, 2013 SAR'000 (Unaudited)
Held at amortized cost			
Bei Ajel	12,527,445	12,306,085	8,817,519
Installment sales	9,982,995	9,460,598	8,295,522
Musharaka	1,683,427	1,530,608	1,396,738
Ijarah	529,994	526,288	530,163
Credit card	10,528	26,287	20,801
Performing financing	24,734,389	23,849,866	19,060,743
Non-performing financing	425,131	460,868	786,314
Gross financing	25,159,520	24,310,734	19,847,057
Impairment charge for financing	(882,040)	(895,311)	(1,158,669)
Financing, net	24,277,480	23,415,423	18,688,388

7. CUSTOMER DEPOSITS

	March 31, 2014 SAR'000 (Unaudited)	December 31, 2013 SAR'000 (Audited)	March 31, 2013 SAR'000 (Unaudited)
Demand	24,446,294	22,640,801	19,707,013
Saving	2,976,107	3,069,358	3,382,814
Time	3,235,346	2,755,637	1,635,395
Others	734,452	641,922	555,416
Total	31,392,199	29,107,718	25,280,638

8. COMMITMENTS AND CONTINGENCIES

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

	March 31, 2014 SAR' 000 (Unaudited)	December 31, 2013 SAR' 000 (Audited)	March 31, 2013 SAR' 000 (Unaudited)
Letters of guarantee	3,067,225	2,833,211	2,426,324
Underwriting	-	-	1,650,000
Letters of credit	1,497,989	1,547,525	982,787
Acceptances	392,930	313,626	391,751
Total	4,958,144	4,694,362	5,450,862

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014****b) Zakat**

The Bank received the Zakat assessments raised by Department of Zakat and Income Tax (DZIT) in respect of years from 2006 to 2008 claiming additional Zakat liability of SR 62, SR 60 and SR 55 million for years 2006, 2007 and 2008 respectively. The differences are primarily due to the disallowance of financing and other financial assets and certain expenses from the Zakat base as calculated by the Bank.

The Bank has filed an appeal with the Preliminary Committee against the DZIT's assessments' for the above mentioned years. The Preliminary Committee upheld the DZIT's assessment for 2006. However, the Bank filed an appeal with the higher Appellate Committee against the Preliminary Committee's ruling.

Further, the Bank in consultation with its advisors has contested the assessment made by DZIT and along with the Saudi banking industry has raised this issue with SAMA for a satisfactory resolution. Accordingly, the Bank did not record the additional zakat liability mentioned above as assessed by DZIT for the years 2006, 2007 and 2008 in the interim consolidated financial statements.

Zakat payable by the shareholders for the year ended December 31, 2013 amounted to SAR 19.5 million (2012: SAR 24.3 million). Zakat is paid by the Bank on behalf of the shareholders and will be deducted from their future dividends.

Zakat base for the years from 2009 to 2013 have been calculated on basis consistent with prior years.

Pursuant to the issuance of bonus shares, the Bank has deducted an amount of SAR 22,1 million, paid to the DZIT, from the retained earnings on behalf of shareholders for the assessment years 2006 to 2011.

9. CASH AND CASH EQUIVALENTS

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

	March 31, 2014 SAR' 000 (Unaudited)	December 31, 2013 SAR' 000 (Audited)	March 31, 2013 SAR' 000 (Unaudited)
Cash	1,713,217	1,609,797	1,359,969
Due from banks and other financial institutions (maturing within 90 days of the acquisition date)	4,782,048	4,319,748	4,465,590
Balances with SAMA excluding statutory deposits	1,023,337	800,484	189,501
Total	7,518,602	6,730,029	6,015,060

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014****10. FAIR VALUES OF FINANCIAL INSTRUMENTS**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Consequently, differences may arise between carrying values and fair value estimates.

Determination of fair value and fair value hierarchy

The fair value of on-balance sheet financial instruments are not significantly different from their carrying values included in the interim condensed consolidated financial statements.

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 or identical instrument that an entity can access at the measurement date;

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.

2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
SAR' 000				
Financial Assets				
Investments in available for sale securities	<u>496,534</u>	<u>-</u>	<u>150,000</u>	<u>646,534</u>

2013				
SAR' 000				
Financial Assets				
Investments available for sale securities	<u>237,853</u>	<u>-</u>	<u>150,000</u>	<u>387,853</u>

Level 3 investments comprise of unquoted available-for-sale investments that are carried at cost.

The fair values of financial instrument at interim consolidated statement of financial position date are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The fair values of financing, due from and due to banks and held to maturity investment which are carried at amortized cost are not significantly different from the carrying values included in the interim condensed consolidated 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.

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014****11. SEGMENT INFORMATION**

Operating segments, based on customer, groups are identified on the basis of internal reports about components of the Group 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 Group's main business is conducted in the Kingdom of Saudi Arabia.

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

Retail banking

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.

The Group's total assets and liabilities, together with its total operating income and expenses, and net income, for the three months period ended March 31, for each segment are as follows:

SAR'000	March 31, 2014 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury	Investment banking and brokerage	Other	Total
Total assets	12,912,100	15,336,995	9,136,745	296,317	1,328,498	39,010,655
Total liabilities	20,888,654	10,604,216	452,275	106,729	1,672,669	33,724,543
Net income from investing and financing assets	103,785	99,916	13,180	125	10,053	227,059
Fee, commission and other income, net	170,388	29,910	21,013	17,053	12,082	250,446
Total operating income	274,173	129,826	34,193	17,178	22,135	477,505
Impairment charge for financing, net	10,035	(5,385)	-	-	-	4,650
Depreciation and amortization	22,059	1,052	222	130	-	23,463
Total operating expenses	226,183	55,434	11,624	10,135	415	303,791
Net income for the period	47,990	74,392	22,569	7,043	21,720	173,714

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**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014**

SAR'000	March 31, 2013 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury	Investment banking and brokerage	Other	Total
Total assets	10,701,624	11,274,159	8,265,685	244,256	841,820	31,327,544
Total liabilities	17,422,516	7,928,034	281,270	112,976	1,060,067	26,804,863
Net income from investing and financing assets	96,652	105,852	9,730	274	9,440	221,948
Fee, commission and other income, net	160,572	29,486	17,934	14,051	5,817	227,860
Total operating income	257,224	135,338	27,664	14,325	15,257	449,808
Impairment charge for financing, net	18,463	46,187	-	-	-	64,650
Depreciation and amortization	18,328	2,642	271	74	-	21,315
Total operating expenses	197,279	91,964	9,277	8,784	-	307,304
Net income for the period	59,945	43,374	18,387	5,541	15,257	142,504

12. BONUS SAHRES AND EARNING PER SHARE

The shareholders' of the Bank in their Extra Ordinary General Assembly meeting held on April 9, 2013 approved issuance of bonus shares for the year ended December 31, 2012 of 100 million shares of SAR 10 each.

Basic earnings per share for the period ended March 31, 2014 and 2013 is calculated by dividing the net income for the period attributable to the equity holders by 400 million shares to give a retroactive effect of change in the number of shares increased as a result of the bonus shares issued.

13. CAPITAL ADEQUACY

The Group's objectives when managing capital are, to comply with the capital requirements set by SAMA; to safeguard the Group'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 by the Group's management. SAMA requires holding the minimum level of the regulatory capital of and maintaining a ratio of total regulatory capital to the risk-weighted asset at or above the agreed minimum of 8%.

The Group monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Group's eligible capital with its interim consolidated statement of financial position assets and commitments at a weighted amount to reflect their relative risk.

SAMA has issued the framework and guidance regarding implementation of the capital reforms under Basel III - which are effective from January 1, 2013. Accordingly, the Group's consolidated Risk Weighted Assets (RWA), total capital and related ratios on a consolidated group basis, are calculated under the Basel III framework.

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2014**

The following table summarizes the Group's Pillar-I Risk Weighted Assets, Tier I and Tier II Capital and Capital Adequacy Ratios:

	March 31, 2014 SAR' 000 (Unaudited)	December 31, 2013 SAR' 000 (Unaudited)	March 31, 2013 SAR' 000 (Unaudited)
Credit Risk RWA	28,659,364	28,053,891	22,040,428
Operational Risk RWA	3,226,663	3,142,572	2,527,788
Market Risk RWA	210,238	612,338	452,550
Total Pillar-I RWA	32,096,265	31,808,801	25,020,766
Tier I Capital	5,286,112	5,100,889	4,522,681
Tier II Capital	358,242	350,674	277,112
Total Tier I & II Capital	5,644,354	5,451,563	4,799,793
Capital Adequacy Ratio %			
Tier I ratio	16.47%	16.04%	18.08%
Tier I + Tier II ratio	17.59%	17.14%	19.18%

14. COMPARATIVE FIGURES

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

15. BASEL III - CAPITAL STRUCTURE

Certain disclosures on the Bank's capital structure are required to be published on Bank's website. These disclosures will be published on the Bank's website (www.bankalbilad.com) as required by SAMA. Such disclosures are not subject to review/audit by the external auditors of the Bank.