



BANK ALBILAD
(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE THREE-MONTH
PERIOD ENDED MARCH 31, 2012**

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 condensed consolidated statement of financial position of Bank AlBilad (the “Bank”) and its subsidiaries (collectively referred to as “the Group”) as at March 31, 2012, and the related interim condensed consolidated statements of income, comprehensive income, changes in shareholders’ equity, cash flows and the notes from (1) to (13) for the three-month period then ended. 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 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 limited 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 (12) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (12) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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(April 25, 2012)

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | | March 31, 2012 SAR'000 (Unaudited) | December 31, 2011 SAR'000 (Audited) | March 31, 2011 SAR'000 (Unaudited) |
|--|--------------|---|--|---|
| | <u>Notes</u> | | | |
| ASSETS | | | | |
| Cash and balances with SAMA | | 2,616,649 | 5,834,702 | 2,265,632 |
| Due from banks and other financial institutions, net | | 9,582,321 | 6,454,366 | 4,294,487 |
| Investments, net | 5 | 802,953 | 951,458 | 1,998,185 |
| Financing, net | 6 | 15,062,037 | 13,779,746 | 12,615,892 |
| Property and equipment, net | | 339,012 | 328,436 | 320,887 |
| Other assets | | 136,720 | 378,461 | 392,058 |
| Total assets | | 28,539,692 | 27,727,169 | 21,887,141 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | |
| Liabilities | | | | |
| Due to banks and other financial institutions | | 689,075 | 421,837 | 511,128 |
| Customer deposits | 7 | 22,909,369 | 23,037,934 | 17,513,777 |
| Other liabilities | | 988,929 | 851,148 | 712,412 |
| Total liabilities | | 24,587,373 | 24,310,919 | 18,737,317 |
| Shareholders' equity | | | | |
| Share capital | | 3,000,000 | 3,000,000 | 3,000,000 |
| Employee share plan | | (41,097) | (41,097) | (42,136) |
| Statutory reserve | | 134,653 | 134,653 | 52,246 |
| Other reserve | | 30,792 | 6,236 | 15,021 |
| Retained earnings | | 827,971 | 316,458 | 124,693 |
| Total shareholders' equity | | 3,952,319 | 3,416,250 | 3,149,824 |
| Total liabilities and shareholders' equity | | 28,539,692 | 27,727,169 | 21,887,141 |

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF INCOME (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012

| | <u>For the three months period ended</u> | |
|--|---|------------------|
| | March 31, | March 31, |
| Note | 2012 | 2011 |
| | SAR'000 | SAR'000 |
| INCOME: | | |
| Income from investing and financing assets | 198,670 | 172,829 |
| Return paid on deposits and financial liabilities | (4,769) | (7,904) |
| Net income from investing and financing assets | 193,901 | 164,925 |
| Fee and commission income, net | 160,883 | 95,283 |
| Exchange income, net | 60,215 | 40,104 |
| Dividend income | 1,556 | 970 |
| Gains on non-trading investments, net | 3,233 | 3,186 |
| Other operating income | 20 | 3,969 |
| Total operating income | 419,808 | 308,437 |
| EXPENSES: | | |
| Salaries and employee related benefits | 126,047 | 114,170 |
| Rent and premises related expenses | 32,958 | 26,395 |
| Depreciation and amortization | 22,485 | 23,308 |
| Other general and administrative expenses | 34,228 | 38,093 |
| Impairment charge for financing assets | 65,744 | 51,018 |
| Total operating expenses | 281,462 | 252,984 |
| Net operating income for the period | 138,346 | 55,453 |
| Non-operating income | 373,167 | - |
| Net income for the period | 511,513 | 55,453 |
| Basic and diluted earnings per share (Saudi Riyals) | 1.71 | 0.18 |

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012

| | <u>For the three months period ended</u> | |
|--|---|--|
| | <u>March 31, 2012 SAR'000</u> | <u>March 31, 2011 SAR'000</u> |
| Net income for the period | 511,513 | 55,453 |
| Other comprehensive income: | | |
| -Available for sale financial assets | | |
| Net changes in fair value | 24,556 | (8,590) |
| Total comprehensive income for the period | <u>536,069</u> | <u>46,863</u> |

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDER'S EQUITY (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012**

SAR '000'

| | <u>Share capital</u> | <u>Employee share plan</u> | <u>Statutory reserve</u> | <u>Other reserve</u> | <u>Retained earnings</u> | <u>Total</u> |
|---|--------------------------|--------------------------------|------------------------------|--------------------------|------------------------------|------------------|
| <u>2012</u> | | | | | | |
| Balance at the beginning of the period | 3,000,000 | (41,097) | 134,653 | 6,236 | 316,458 | 3,416,250 |
| Total comprehensive income for the period | - | - | - | 24,556 | 511,513 | 536,069 |
| Balance at end of the period | <u>3,000,000</u> | <u>(41,097)</u> | <u>134,653</u> | <u>30,792</u> | <u>827,971</u> | <u>3,952,319</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> |
| <u>2011</u> | | | | | | |
| Balance at the beginning of the period | 3,000,000 | (42,136) | 52,246 | 23,611 | 69,240 | 3,102,961 |
| Total comprehensive income for the period | - | - | - | (8,590) | 55,453 | 46,863 |
| Balance at end of the period | <u>3,000,000</u> | <u>(42,136)</u> | <u>52,246</u> | <u>15,021</u> | <u>124,693</u> | <u>3,149,824</u> |

The accompanying notes 1 to 13 form an integral part of these interim condensed consolidated financial statements.

BANK ALBILAD

(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012

| | Notes | March 31, 2012 SAR' 000 | March 31, 2011 SAR' 000 |
|---|-------|-------------------------------|-------------------------------|
| OPERATING ACTIVITIES | | | |
| Net income for the period | | 511,513 | 55,453 |
| Adjustments to reconcile net income to net cash from operating activities: | | | |
| (Gains) on non-trading investments, net | | (3,233) | (3,186) |
| (Gains) from disposal of property and equipment, net | | (17) | (1,993) |
| Depreciation and amortization | | 22,485 | 23,308 |
| Impairment charge for financing and other assets | | 65,744 | 51,018 |
| Non operating income | 9 | (373,167) | - |
| Operating profit before changes in operating assets and liabilities | | 223,325 | 124,600 |
| Net (increase) / decrease in operating assets: | | | |
| Statutory deposits with SAMA | | (263,374) | (30,495) |
| Due from banks and other financial institutions maturing after ninety days from the date of acquisition | | (1,009,411) | (314,015) |
| Investments | | 199,717 | (399,632) |
| Financing | | (844,993) | (377,084) |
| Other assets | | (38,134) | (47,693) |
| Net increase/ (decrease) in operating liabilities: | | | |
| Due to banks and other financial institutions | | 267,238 | 128,699 |
| Customer deposits | | (128,565) | 581,362 |
| Other liabilities | | 137,780 | 13,531 |
| Net cash used in operating activities | | (1,456,417) | (320,727) |
| INVESTING ACTIVITIES | | | |
| Purchase of non-trading investments | | (74,508) | (48,354) |
| Proceeds from sales of non-trading investments | | 51,087 | 55,315 |
| Purchase of property and equipment | | (33,061) | (10,524) |
| Proceeds from sale of property and equipment | | 17 | 10,212 |
| Proceeds from sale of land | 9 | 150,000 | - |
| Net cash from investing activities | | 93,535 | 6,649 |
| Net decrease in cash and cash equivalents | | (1,362,882) | (314,078) |
| Cash and cash equivalents at beginning of the period | | 9,007,824 | 3,841,864 |
| Cash and cash equivalents at end of the period | 10 | 7,644,942 | 3,527,786 |
| Income received from investing and financing assets | | 241,040 | 217,302 |
| Return paid on deposits and financial liabilities | | 1,648 | 7,065 |
| Supplemental non cash information | | | |
| Net changes in fair value reserve | | 24,556 | (8,590) |
| Financing provided towards sale of land | | 503,042 | - |

The accompanying notes 1 to 13 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 THREE MONTH PERIOD ENDED MARCH 31, 2012****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 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”). The Group’s objective is to provide full range of banking services, financing and investing activities through various Islamic instruments. The activities of the Group 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 83 banking branches (2011: 77) and 132 exchange and remittance centers (2011: 109) 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

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 interim condensed 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 do not include all information and disclosure required in the annual consolidated financial statements, and should be read in conjunction with the annual financial statements of the bank for the year ended December 31, 2011.

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.

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012**

3. BASIS OF CONSOLIDATION

The interim condensed 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 period 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 off during the period are included in the interim condensed consolidated statement of income from the date of the acquisition or up to the date of disposal, as appropriate.

Non- controlling 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. Non- controlling interest is 1% of AlBilad Investment Company's net assets and is owned by representative shareholders and hence not presented separately in the interim condensed consolidated statement of financial position, interim condensed consolidated statement of income and interim condensed consolidated statement of change in shareholders' equity. 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 interim condensed consolidated financial statements.

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, 2011 except for the adoption of amendment to IAS 12: Deferred Tax: Recovery of underlying assets and IFRS 7: Enhanced Derecognition Disclosures Requirements, which have had no material financial impact on the interim condensed consolidated financial statements of the Group.

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012****5. INVESTMENTS, NET**

| | March 31, 2012 SAR' 000 (Unaudited) | December 31, 2011 SAR' 000 (Audited) | March 31, 2011 SAR' 000 (Unaudited) |
|--|--|---|--|
| Available-for-sale investments | | | |
| Equities | 304,253 | 272,296 | 279,480 |
| Mutual fund | 40,046 | 20,791 | 18,215 |
| Sukuk | 58,000 | 58,000 | - |
| Held at amortized cost | | | |
| Commodity murabaha with SAMA, at amortized cost | 400,654 | 600,371 | 1,700,490 |
| Total | 802,953 | 951,458 | 1,998,185 |

6. FINANCING, NET

| | March 31, 2012 SAR'000 (Unaudited) | December 31, 2011 SAR'000 (Audited) | March 31, 2011 SAR'000 (Unaudited) |
|-----------------------------------|---|--|---|
| Held at amortized cost | | | |
| Installment sales | 6,020,791 | 5,592,753 | 4,949,363 |
| Bei Ajel | 8,024,365 | 7,037,464 | 6,119,961 |
| Ijarah | 353,983 | 352,968 | 375,862 |
| Musharaka | 925,220 | 991,113 | 1,163,702 |
| Credit cards | 908 | 4,312 | 8,106 |
| Performing loans and advances | 15,325,267 | 13,978,610 | 12,616,994 |
| Non-performing loans and advances | 686,590 | 685,215 | 681,769 |
| Gross loans and advances | 16,011,857 | 14,663,825 | 13,298,763 |
| Allowance for impairment | (949,820) | (884,079) | (682,871) |
| Financing, net | 15,062,037 | 13,779,746 | 12,615,892 |

7. CUSTOMER DEPOSITS

| | March 31, 2012 SAR'000 (Unaudited) | December 31, 2011 SAR'000 (Audited) | March 31, 2011 SAR'000 (Unaudited) |
|-----------------|---|--|---|
| Current Account | 17,700,732 | 18,582,336 | 12,343,034 |
| Albilad Account | 3,148,673 | 2,929,251 | 2,392,870 |
| Time Deposit | 1,680,230 | 1,192,169 | 2,506,517 |
| Other | 379,734 | 334,178 | 271,356 |
| Total | 22,909,369 | 23,037,934 | 17,513,777 |

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012****8. COMMITMENTS AND CONTINGENCIES****a) The Bank's commitments and contingencies are as follows:**

| | March 31, 2012 SAR' 000 (Unaudited) | December 31, 2011 SAR' 000 (Audited) | March 31, 2011 SAR' 000 (Unaudited) |
|----------------------|--|---|--|
| Letters of credit | 569,420 | 619,542 | 747,436 |
| Letters of guarantee | 2,141,654 | 1,847,468 | 1,784,888 |
| Acceptances | 332,461 | 278,384 | 257,764 |
| Underwriting | - | - | 300,000 |
| Total | 3,043,535 | 2,745,394 | 3,090,088 |

b) Restricted investment accounts

| | March 31, 2012 SAR' 000 (Unaudited) | December 31, 2011 SAR' 000 (Audited) | March 31, 2011 SAR' 000 (Unaudited) |
|----------------------------------|--|---|--|
| Under Wakalah arrangement | 175,918 | 1,189,256 | 213,729 |

The Bank accepts restricted investment accounts from customers under Wakalah arrangements. The amounts received as placements are invested by the Bank in commodity Murabaha with banks and other financial institutions. Management fees is charged on these accounts.

c) Zakat

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

The Bank has filed appeals against all the assessments' years. The DZIT upheld the assessment for the year 2006. The Bank has now filed an appeal against the decision with the Appeal Committee.

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. The Bank has accordingly not recognised the additional zakat liability as assessed by DZIT for the years 2006, 2007 and 2008 in the consolidated financial statements.

Zakat due from the shareholders for the year ended December 31, 2011 amounted to SAR 10 million (2010: SAR 3.6 million). Zakat will be paid by the Bank on behalf of the shareholders and will be deducted from their future dividends.

Moreover, Zakat return for the years 2009, 2010 and 2011 have been filed on basis consistent with prior years.

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012****9. NON-OPERATING INCOME**

During the period the Bank sold a parcel of land included under other assets at carrying value of SAR 280 million. The Bank acquired the land in 2007 for its own use. The land was sold for a total consideration of SAR 653 million.

The Bank issued Bei Ajel facility for the amount of SAR 503 million to Company acquiring the land (the "Company"), which had fully utilized the issued facility. Based on the facility terms, the financed amount is repayable in two installments on February 2013 and August 2013. As a result of the sale, the Bank recognized non-operating income of SAR 373million, with income per share amounting to SAR 1.2 per share.

The financing is secured by personal guarantee of borrowing Company's shareholders and also the title of land, which has been retained by the bank pending the collection of the full facility.

10. CASH AND CASH EQUIVALENTS

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

| | March 31, 2012 SAR' 000 (Unaudited) | December 31, 2011 SAR' 000 (Audited) | March 31, 2011 SAR' 000 (Unaudited) |
|--|--|---|--|
| Cash | 930,090 | 1,115,535 | 822,724 |
| Due from banks and other financial institutions (maturing within 90 days from acquisition) | 6,472,474 | 4,353,930 | 2,283,107 |
| Balances with SAMA excluding statutory deposits | 242,378 | 3,538,359 | 421,955 |
| Total | 7,644,942 | 9,007,824 | 3,527,786 |

11. SEGMENT INFORMATION

Operating segments, based on customers, groups 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

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.

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012****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 Bank'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 | 2012 | | | | | |
|--|----------------|-------------------|-----------|----------------------------------|---------|------------|
| | Retail Banking | Corporate Banking | Treasury | Investment banking and brokerage | Other | Total |
| Total assets | 7,871,321 | 10,461,831 | 9,383,298 | 849 | 822,393 | 28,539,692 |
| Total liabilities | 15,585,295 | 7,346,818 | 666,328 | 4,583 | 984,349 | 24,587,373 |
| Net income from investing and financing assets | 88,330 | 92,583 | 7,333 | - | 5,655 | 193,901 |
| Fee, commission and other income, net | 152,776 | 26,225 | 23,580 | 18,520 | 4,806 | 225,907 |
| Total operating income | 241,106 | 118,808 | 30,913 | 18,520 | 10,461 | 419,808 |
| Impairment charge for financing assets | 23,553 | 42,191 | - | - | - | 65,744 |
| Depreciation and amortization | 18,928 | 3,144 | 341 | 72 | - | 22,485 |
| Total operating expenses | 181,488 | 83,785 | 9,078 | 7,111 | - | 281,462 |
| Net operating income for the period | 59,618 | 35,023 | 21,835 | 11,409 | 10,461 | 138,346 |
| Non-operating income | - | - | - | - | 373,167 | 373,167 |
| Net income for the period | 59,618 | 35,023 | 21,835 | 11,409 | 383,628 | 511,513 |

| SAR'000 | 2011 | | | | | |
|--|----------------|-------------------|-----------|----------------------------------|-----------|------------|
| | Retail Banking | Corporate Banking | Treasury | Investment banking and brokerage | Other | Total |
| Total assets | 6,059,059 | 7,778,608 | 6,216,110 | 881 | 1,832,483 | 21,887,141 |
| Total liabilities | 12,402,881 | 4,538,327 | 500,023 | 583,674 | 712,412 | 18,737,317 |
| Net income from investing and financing assets | 89,183 | 68,266 | 4,533 | - | 2,943 | 164,925 |
| Fee, commission and other income, net | 90,282 | 20,218 | 15,966 | 9,515 | 7,531 | 143,512 |
| Total operating income | 179,465 | 88,484 | 20,499 | 9,515 | 10,474 | 308,437 |
| Impairment charge for financing assets | 17,016 | 34,002 | - | - | - | 51,018 |
| Depreciation and amortization | 19,928 | 2,690 | 320 | 370 | - | 23,308 |
| Total operating expenses | 159,108 | 77,196 | 9,212 | 5,778 | 1,690 | 252,984 |
| Net income for the period | 20,357 | 11,288 | 11,287 | 3,737 | 8,784 | 55,453 |

BANK ALBILAD

(A Saudi Joint Stock Company)

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2012****12. 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 SAMA in supervising the Bank.

| | March 31, 2012 SAR' 000 | December 31, 2011 SAR' 000 | March 31, 2011 SAR' 000 |
|--------------------------------------|--|---|--|
| Credit Risk RWA | 19,596,915 | 17,182,708 | 15,750,325 |
| Operational Risk RWA | 2,280,111 | 2,167,026 | 532,133 |
| Market Risk RWA | 1,146,063 | 631,838 | 941,650 |
| Total Pillar-I RWA | 23,023,089 | 19,981,572 | 17,224,108 |
| Tier I Capital | 3,440,805 | 3,086,625 | 3,094,371 |
| Tier II Capital | 756,474 | 572,528 | 160,468 |
| Total Tier I & II Capital | 4,197,279 | 3,659,153 | 3,254,839 |
| Capital Adequacy Ratio % | | | |
| Tier I ratio | 14.95% | 15.45% | 17.97% |
| Tier I + Tier II ratio | 18.23% | 18.31% | 18.90% |

13. COMPARATIVE FIGURES

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