
Bank AlBilad
(A Saudi Joint Stock Company)

**INTERIM CONDENSED FINANCIAL
STATEMENTS FOR THE THREE-
MONTHS ENDED MARCH 31, 2006**

SPECIAL REVIEW REPORT

To the shareholders of Bank AlBilad
(Saudi Joint Stock Company)

We have reviewed the accompanying balance sheet of Bank AlBilad ("the Bank") as of 31 March 2006, and the related statements of income, changes in shareholders' equity and cash flows for the three-month period then ended. These interim condensed financial statements are the responsibility of the Bank's management.

We conducted our review in accordance with generally accepted auditing standards applicable to review engagements. 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.

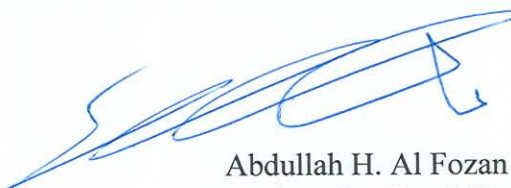
Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed financial statements for them to be in conformity with Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency and with International Financial Reporting Standards.

AL JURAID & COMPANY
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April 17, 2006
(19 Rabi Al Awal, 1427H)



BANK ALBILAD
(A Saudi Joint Stock Company)

BALANCE SHEETS

		SAR'000	
		March 31, 2006 (Unaudited)	December 31, 2005 (Audited)
<u>ASSETS</u>	<u>Notes</u>		
Cash and Balances with SAMA		433,641	1,284,560
Due from banks and other financial institutions		68,651	109,158
Investments			
Murabaha		4,700,762	4,619,913
Bei Ajel		2,316,892	1,696,214
Musharaka		229,405	111,224
Total investments	3	7,247,059	6,427,351
Fixed assets, net		420,353	373,714
Other assets		51,213	26,387
Total assets		8,220,917	8,221,170
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>			
Liabilities			
Customer deposits	4	4,767,742	5,026,567
Other liabilities		450,970	295,280
Total liabilities		5,218,712	5,321,847
Shareholders' equity			
Share capital	8	3,000,000	3,000,000
Unallocated shares		(2,585)	(2,585)
Paid up capital		2,997,415	2,997,415
Retained earnings (accumulated losses)		4,790	(98,092)
Total shareholders' equity		3,002,205	2,899,323
Total liabilities and shareholders' equity		8,220,917	8,221,170

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements

BANK ALBILAD
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STATEMENT OF INCOME
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED) (see Note 1)

	<u>Note</u>	<u>SAR'000</u>
INCOME		
Income from investments:		
Murabaha		38,910
Bei Ajel		32,571
Musharaka		1,396
Total income from investments		72,877
Fees from banking services, net		121,972
Exchange differences income, net		11,309
Total operating income		206,158
Salaries and employee-related expenses		53,675
Rent and premises-related expenses		10,977
Depreciation		13,593
Other general and administrative expenses		25,031
Total operating expenses		103,276
Net income for the period		102,882
Basic and diluted earnings Per Share (expressed in SAR)	8	0.34

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements

BANK ALBILAD
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STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED) (see Note 1)

	SAR'000			
	<u>Share capital</u>	<u>Unallocated shares</u>	<u>Retained earnings (Accumulated losses)</u>	<u>Total</u>
Balance at beginning of the period	3,000,000	(2,585)	(98,092)	2,899,323
Net income for the period	-	-	102,882	102,882
Balance at the end of the period	<u>3,000,000</u>	<u>(2,585)</u>	<u>4,790</u>	<u>3,002,205</u>

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements

BANK ALBILAD
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STATEMENT OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED) (see Note 1)

	<u>Note</u>	<u>SAR'000</u>
OPERATING ACTIVITIES:		
Net income for the period		102,882
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation		13,593
Increase in operating assets:		
Statutory deposits with SAMA		(114,070)
Investments		(819,708)
Other assets		(24,826)
Increase (decrease) in operating liabilities:		
Customer deposits		(258,825)
Other liabilities		155,690
Net cash used in operating activities		<u>(945,264)</u>
INVESTING ACTIVITIES -		
Purchase of fixed assets		<u>(60,232)</u>
Net cash used in investing activities		<u>(60,232)</u>
Decrease in cash and cash equivalents		(1,005,496)
Cash and cash equivalents at beginning of the period	6	<u>1,227,536</u>
Cash and cash equivalents at end of the period	6	<u>222,040</u>

The accompanying notes 1 to 10 form an integral part of these interim condensed financial statements

BANK ALBILAD
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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

1. GENERAL

a) Incorporation and Operations

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), of the Council 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 Aul 1426H (corresponding to April 19, 2005), therefore no comparative information is available for the first quarter ended March 31, 2005. The Head Office of the Bank is located at the following address:

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

The Bank's objectives include banking, investment and other activities in accordance with its Articles of Association and By-Laws and the Banking Control Law. The Bank provides these services through 29 banking branches and 78 exchange and remittance Centers in the Kingdom of Saudi Arabia.

b) Shari'a Committee

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

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these interim condensed financial statements are set out below:

Basis of preparation

The Bank prepares these interim condensed financial statements in accordance with the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency ("SAMA"), and International Financial Reporting Standards ("IFRS"). The Bank also prepares its interim condensed financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

These interim condensed financial statements are prepared under the historical cost convention except for the measurement at fair value of financial assets and liabilities held for trading, held at Fair value through income statement ("FVIS") and available for sale.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances.

The interim condensed financial statements are expressed in Saudi Arabian Riyals ("SAR") and are rounded off to the nearest thousands.

The accounting policies used in the preparation of these interim condensed financial statements are consistent with those used in the Bank's audited financial statements for the period from April 19, 2005 (date Commercial Registration) to December 31, 2005.

All Shariah approved banking products are accounted for using IFRS and are in conformity with the accounting policies used in the preparation of the Bank's audited financial statements for the period from April 19, 2005 (Date of Commercial Registration) to December 31, 2005.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

3. INVESTMENTS

Investments comprise the following:

	SAR'000	
	(Unaudited) March 31, 2006	(Audited) December 31, 2005
Murabaha	4,700,762	4,619,913
Bei Ajel	2,316,892	1,696,214
Musharaka	229,405	111,224
Total investments	7,247,059	6,427,351

4. CUSTOMER DEPOSITS

Customer deposits comprise the following:

	SAR'000	
	(Unaudited) March 31, 2006	(Audited) December 31, 2005
Current accounts - Saudi Riyal	2,915,015	2,464,400
Current accounts - foreign currencies	15,217	8,079
Other deposits	1,837,510	2,554,088
Total	4,767,742	5,026,567

Other deposits include deposits received for the Bank's Mutual Funds of SAR 117 million (December, 31 2005: SAR 1,429 million), and SAR 21.5 million (December, 31 2005 :SAR 14 million) of margins held for irrevocable commitments.

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

5. COMMITMENTS AND CONTINGENCIES

The Bank's commitments and contingencies are as follows:

	SAR'000	
	(Unaudited)	(Audited)
	March	December
	31, 2006	31, 2005
Letters of credit	167,146	104,955
Letters of guarantee	370,743	361,431
Acceptances	125,415	35,276
Total	663,304	501,662

6. CASH AND CASH EQUIVALENTS

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

	SAR'000	
	(Unaudited)	(Audited)
	March	December
	31, 2006	31, 2005
Cash	97,638	146,144
Due from banks (maturing within 90 days of acquisition)	68,651	109,158
Balances with SAMA (current accounts)	55,751	972,234
Total	222,040	1,227,536

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

7. SEGMENTAL INFORMATION

For management purposes, the Bank is comprised of five main business segments, as follows:

- **Personal Banking/Retail Segment:** Includes services and products to individuals, like deposits, Islamic financing products, investments and local and international shares dealing services.
- **Corporate and Private Banking Segment:** Includes services and products to corporate and high net worth individuals like deposits, Islamic financing product, letters of credit, letters of guarantee and other investments products.
- **Treasury and Investments Segment:** Includes treasury services and dealing with financial institutions.
- **Remittances Segment (Enjaz Centers):** Includes products and services through Enjaz network, like currency exchange, inward and outward transfers and remittances cheques.
- **Others:** This segment includes all other cost centers and profit centers in the head office in areas of technology services and support.

Transactions between the business segments are on normal commercial terms and conditions. There are no material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance.

The Bank's primary business is conducted in Saudi Arabia. The Bank's total assets and liabilities at March 31, 2006, its total operating income, expenses, and net income for the three-months period then ended, by business segments being the primary segment, are as follows:

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NOTES TO THE INTERIM CONDENSED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2006 (UNAUDITED)

SAR'000 (Unaudited)	Personal banking / Retail segment	Corporate and private banking segment	Treasury and investments segment	Remittances segment (Enjaz centers)	Other	Total
Total assets	297,018	2,612,878	2,141,377	120,730	3,048,914	8,220,917
Total liabilities	2,531,997	780,492	1,835,868	28,855	41,500	5,218,712
Total operating income	45,348	100,592	31,826	2,606	25,786	206,158
Total operating expenses	44,460	10,662	8,515	19,135	20,504	103,276
Net income (loss) for the period	888	89,930	23,311	(16,529)	5,282	102,882

8. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended March 31, 2006 is calculated by dividing the net income for the period by 300 million shares to give a retroactive effect of change in the number of shares increased as a result of the share split on April 8, 2006 (see Note 9 below).

9. SUBSEQUENT EVENT

In accordance with the Capital Market Authority's announcement dated March 27, 2006, the shares of the Bank were split into five shares for every one share effective April 8, 2006. Accordingly, the share capital of the Bank has now increased from 60 million ordinary shares of SR 50 each to 300 million ordinary shares of SR 10 each.

10. CORRESPONDING FIGURES

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