

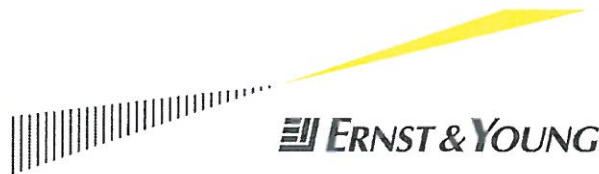
**AL RAJHI BANKING AND
INVESTMENT CORPORATION**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
SIX-MONTH PERIOD ENDED
JUNE 30, 2010**

(UNAUDITED)



P.O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia



P.O. Box 2732
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Kingdom of Saudi Arabia

REVIEW REPORT

**TO: THE SHAREHOLDERS OF
AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)**

We have reviewed the accompanying interim consolidated statement of financial position of Al Rajhi Banking and Investment Corporation (the "Bank") and its subsidiaries as of 30 June 2010, and the related interim consolidated statements of comprehensive income for three and six-month periods then ended, and the related statements of changes in shareholders' equity and cash flows and the notes from (1) to (13) for the six-month period then ended. We have not reviewed note (14), nor the information related to "Basel II" disclosures cross-referenced therein, which is not required to be within the scope of our review.

Management 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 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.

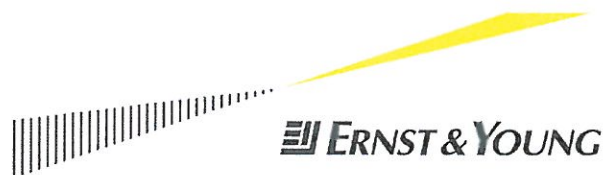
Scope of Review

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 the 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.

PRICEWATERHOUSECOOPERS 

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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 the Saudi Arabian Monetary Agency and with International Accounting Standard No. 34.

Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in Note (11) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in the aforementioned note to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

PricewaterhouseCoopers

Mohammed A. Al Obaidi
Registration No. 367

Ernst & Young

Fahad M. Al-Toaimi
Registration No. 354



25 Rajab 1431H
(7 July 2010)



AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(SR'000)

	Notes	At June 30, 2010 (Unaudited)	At December 31, 2009 (Audited)	At June 30, 2009 (Unaudited)
ASSETS				
Cash		3,855,136	3,449,155	3,331,085
Balances with Saudi Arabian Monetary Agency ("SAMA")		8,816,249	7,963,865	8,441,148
Due from banks and other financial institutions		9,475,732	12,663,381	6,090,958
Investments	3	30,488,502	27,113,882	26,043,074
Financing, net	4	118,323,717	113,099,531	112,165,338
Customer debit current accounts, net		542,580	695,791	599,733
Property and equipment, net		3,292,138	3,182,157	3,008,254
Other assets, net		<u>2,493,852</u>	<u>2,561,967</u>	<u>3,545,860</u>
TOTAL ASSETS		<u>177,287,906</u>	<u>170,729,729</u>	<u>163,225,450</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Due to banks and other financial institutions		3,956,073	6,102,073	5,470,302
Customer deposits		134,927,325	120,533,020	122,953,043
Other customer accounts (including margins on letters of credit, third party funds, certified checks and transfers)		2,293,136	2,328,820	1,995,973
Other liabilities		<u>6,485,240</u>	<u>13,024,932</u>	<u>5,454,747</u>
TOTAL LIABILITIES		<u>147,661,774</u>	<u>141,988,845</u>	<u>135,874,065</u>
SHAREHOLDERS' EQUITY:				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		10,419,177	10,419,177	8,727,370
General reserve	8	366,465	-	-
Retained earnings		3,840,490	744,248	3,624,015
Proposed gross dividends		<u>-</u>	<u>2,577,459</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>29,626,132</u>	<u>28,740,884</u>	<u>27,351,385</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>177,287,906</u>	<u>170,729,729</u>	<u>163,225,450</u>

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

AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
(UNAUDITED)

(SR'000)

	Three-month period ended June 30		Six-month period ended June 30	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
INCOME:				
Gross financing income	2,283,112	2,210,581	4,547,954	4,458,930
Income paid to customers on time investments	(54,281)	(136,746)	(116,198)	(352,392)
Income paid on syndicated murabaha financing from banks	-	(13,681)	-	(40,447)
Net financing income	2,228,831	2,060,154	4,431,756	4,066,091
Investments income	34,396	278,963	88,983	557,016
Fees from banking services, net	425,411	371,929	822,491	678,004
Exchange income, net	165,013	150,439	311,464	280,036
Other operating income	145,124	39,947	176,245	60,140
Total operating income	2,998,775	2,901,432	5,830,939	5,641,287
EXPENSES:				
Salaries and employee related benefits	463,923	455,120	930,131	880,399
Rent and premises related expenses	37,088	36,501	75,360	71,090
Impairment charge for financing and other, net	422,129	421,568	780,984	652,885
Other general and administrative expenses	209,607	166,025	408,792	388,820
Depreciation and amortization	86,733	50,476	171,601	144,000
Board of directors' remuneration	686	686	1,364	1,364
Total operating expenses	1,220,166	1,130,376	2,368,232	2,138,558
Net income for the period	1,778,609	1,771,056	3,462,707	3,502,729
Comprehensive income items	-	-	-	-
Net comprehensive income for the period	1,778,609	1,771,056	3,462,707	3,502,729
Weighted average number of outstanding shares (Note 10)	<u>1,500 Million</u>	<u>1,500 Million</u>	<u>1,500 Million</u>	<u>1,500 Million</u>
Earnings per share (SR) (Note 10)	<u>1.19</u>	<u>1.18</u>	<u>2.31</u>	<u>2.34</u>

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

AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN
SHAREHOLDERS' EQUITY (UNAUDITED)**

(SR'000)

	Share capital	Statutory reserve	General reserve	Retained earnings	Proposed gross dividends	Total
For the six-month period ended June 30, 2010						
Balance at the beginning of the period	15,000,000	10,419,177	-	744,248	2,577,459	28,740,884
Transfer to accrued zakat	-	-	-	-	(327,459)	(327,459)
Transfer to general reserve (Note 8)	-	-	366,465	(366,465)	-	-
Dividends (Note 12)	-	-	-	-	(2,250,000)	(2,250,000)
Net comprehensive income for the period	-	-	-	3,462,707	-	3,462,707
Balance at the end of the period	15,000,000	10,419,177	366,465	3,840,490	-	29,626,132
For the six-month period ended June 30, 2009						
Balance at the beginning of the period	15,000,000	8,727,370	-	121,286	3,183,143	27,031,799
Transfer to accrued zakat	-	-	-	-	(558,143)	(558,143)
Dividends (Note 12)	-	-	-	-	(2,625,000)	(2,625,000)
Net comprehensive income for the period	-	-	-	3,502,729	-	3,502,729
Balance at the end of the period	15,000,000	8,727,370	-	3,624,015	-	27,351,385

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

AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

(SR'000)

	For the six-month period ended June 30	
	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	3,462,707	3,502,729
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	171,601	144,000
Gain on sale of property and equipment	(410)	(17,569)
Impairment charge for financing and other, net	780,984	652,885
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(834,234)	(151,240)
Financing	(6,035,581)	(3,525,181)
Investments	(3,374,620)	617,835
Customer debit current accounts	153,211	314,495
Other assets	98,525	(435,947)
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	(2,146,000)	(2,431,328)
Customer deposits	14,394,305	6,342,000
Other customer accounts	(35,684)	(134,026)
Other liabilities	(6,867,150)	(2,927,149)
Net cash (used in) from operating activities	<u>(232,346)</u>	<u>1,951,504</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(284,058)	(289,633)
Proceeds from sale of property and equipment	2,886	23,108
Net cash used in investing activities	<u>(281,172)</u>	<u>(266,525)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Murabaha financing with other banks	-	(1,875,000)
Dividends paid	(2,250,000)	(2,625,000)
Net cash used in financing activities	<u>(2,250,000)</u>	<u>(4,500,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(2,763,518)	(2,815,021)
Cash and cash equivalents at the beginning of the period	<u>16,112,826</u>	<u>12,855,169</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 6)	<u>13,349,308</u>	<u>10,040,148</u>

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

AL RAJHI BANKING AND INVESTMENT CORPORATION
(Saudi Joint Stock Company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX-MONTH PERIOD ENDED JUNE 30, 2010 (UNAUDITED)

1. GENERAL

Incorporation and operations

Al Rajhi Banking and Investment Corporation, Saudi Joint Stock Company, (the "Bank") was formed and licensed pursuant to Royal Decree No. M/59 dated 3 Dhul Qada 1407H (corresponding to June 29, 1987) and in accordance with Article 6 of the Council of Ministers' Resolution No. 245, dated 26 Shawwal 1407H (corresponding to June 23, 1987).

The Bank operates under Commercial Registration No. 1010000096 and its Head Office is located at the following address:

Al Rajhi Bank
P.O. Box 28
Riyadh 11411
Kingdom of Saudi Arabia

The objectives of the Bank are to carry out banking and investment activities in accordance with its Memorandum and Articles of Association, the Banking Control Law and the Council of Ministers Resolution referred to above. The Bank is engaged in banking and investment activities inside and outside the Kingdom of Saudi Arabia for its own account and on behalf of others. The Bank has established certain subsidiary companies in which it owns all or the majority of their shares.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES

a) Basis of preparation

The Bank prepares these interim condensed consolidated financial statements 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 also 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.

The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2009.

The interim condensed consolidated financial statements are expressed in Saudi Riyals (SR) and are rounded off to the nearest thousand.

b) Basis of preparation of the interim condensed consolidated financial statements

These interim condensed consolidated financial statements include the accounts of Al Rajhi Banking and Investment Corporation and its subsidiaries in which the Bank's shareholdings exceed 50% of their share capital and where the Bank has the power to govern their financial and operational policies. Significant balances and transactions between the Bank

and its subsidiaries and those among subsidiaries are eliminated upon consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Bank till the date control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

The subsidiaries included in the interim condensed consolidated financial statements comprise the following at June 30:

	<u>Shareholding %</u>	
	<u>2010</u>	<u>2009</u>
Al Rajhi Company for Development Limited - Riyadh	99%	99%
Al Rajhi Banking & Investment Corporation BHD-Malaysia	100%	100%
Al Rajhi Capital Company	99%	99%

c) Accounting policies

The accounting policies used in preparation of these interim condensed consolidated financial statements are consistent with those used in the annual consolidated financial statements for the year ended December 31, 2009, except for the amendments to existing standards and interpretation mentioned below, which the Bank has adopted:

- Revision to IAS 27 -Consolidated and separate financial statements
- Amendments to IAS 39 - Financial instruments- Recognition and measurement
- IFRIC 18-Transfers of assets from customers

The adoption of these amendments had no significant impact on the financial position and financial performance of the Bank.

3. INVESTMENTS

Investments comprise of the following:

	<u>SR'000</u>		
	<u>At June 30, 2010 (Unaudited)</u>	<u>At December 31, 2009 (Audited)</u>	<u>At June 30, 2009 (Unaudited)</u>
Investments held at amortized cost:			
Murabaha with SAMA	<u>27,500,379</u>	<u>24,225,537</u>	<u>24,475,481</u>
Total Investments held at amortized cost	<u>27,500,379</u>	<u>24,225,537</u>	<u>24,475,481</u>
Held as fair value through income statement (FVIS):			
Corporate shares	711,971	753,607	192,363
Mutual Funds	367,078	243,945	165,295
Sukuk	702,787	703,531	707,316
Other	<u>1,206,287</u>	<u>1,187,262</u>	<u>502,619</u>
Total FVIS	<u>2,988,123</u>	<u>2,888,345</u>	<u>1,567,593</u>
Total Investments	<u>30,488,502</u>	<u>27,113,882</u>	<u>26,043,074</u>

4. FINANCING, NET

Financing, net comprise of the following:

	SR'000		
	At June 30, 2010 (Unaudited)	At December 31, 2009 (Audited)	At June 30, 2009 (Unaudited)
Held at amortized cost:			
Corporate mutajara	30,758,477	31,628,164	34,007,453
Installment sale	73,665,811	65,784,500	63,227,436
Istisnaa	695,156	901,282	1,096,606
Murabaha	12,619,743	14,227,382	13,464,276
Visa	584,530	558,203	369,567
Total	<u>118,323,717</u>	<u>113,099,531</u>	<u>112,165,338</u>

5. MUDARABA FUNDS AND CONTINGENT LIABILITIES

Mudaraba funds and contingent liabilities comprise the following:

	SR'000		
	At June 30, 2010 (Unaudited)	At December 31, 2009 (Audited)	At June 30, 2009 (Unaudited)
a) Mudaraba Funds:			
Customers' investments	47,449	47,875	47,858
Current accounts - metals	18,991	10,902	5,124
Total	<u>66,440</u>	<u>58,777</u>	<u>52,982</u>
b) Contingent Liabilities:			
Letters of credit and acceptances	4,504,237	4,864,082	4,654,210
Letters of guarantee	7,034,332	7,555,164	8,147,028
Irrevocable commitments to extend credit	13,723,134	11,577,946	11,483,781
Total	<u>25,261,703</u>	<u>23,997,192</u>	<u>24,285,019</u>
Grand Total	<u>25,328,143</u>	<u>24,055,969</u>	<u>24,338,001</u>

6. CASH AND CASH EQUIVALENTS

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

	SR'000		
	At June 30, 2010 (Unaudited)	At December 31, 2009 (Audited)	At June 30, 2009 (Unaudited)
Cash	3,855,136	3,449,155	3,331,085
Balances with SAMA (current accounts)	18,440	290	618,105
Due from banks (current accounts)	9,475,732	12,663,381	6,090,958
Total	<u>13,349,308</u>	<u>16,112,826</u>	<u>10,040,148</u>

7. BUSINESS SEGMENTS

For management purposes, the Bank is categorized into the following four main banking segments:

Retail Segment:	Includes individual customer deposits, credit facilities, customer debit current accounts (overdrafts), fee from banking services and remittance business.
Corporate Segment:	Incorporates deposits of VIP, corporate customer deposits, credit facilities, and debit current accounts (overdrafts).
Treasury Segment:	Incorporates treasury services and international trading portfolios.
Investments services and Brokerage Segment:	Incorporates investments of individuals and corporate in mutual funds, local and international shares trading services and investment portfolios.

Transactions between the above different segments are based on normal commercial terms and conditions. There are no material revenues or expenses between the above business segments. Assets and liabilities for the segments comprise operating assets and liabilities, which represent the majority of the Bank's assets and liabilities.

The Bank carries out its activities principally in the Kingdom of Saudi Arabia, and has three subsidiaries of which one is registered outside the Kingdom of Saudi Arabia as of June 30, 2010 and 2009.

The total assets, liabilities, and results of operations of these subsidiaries are not material to the Bank's interim condensed consolidated financial statements taken as a whole.

The Bank's total assets and liabilities as at June 30, 2010 and 2009 together with the total operating income and expenses, and net income for the periods then ended, for each segment, are analyzed as follows:

	SR'000 (Unaudited)				
	Retail segment	Corporate segment	Treasury segment	Investment services and brokerage segment	Total
2010					
Total assets	<u>77,843,554</u>	<u>50,052,663</u>	<u>48,841,287</u>	<u>550,402</u>	<u>177,287,906</u>
Capital expenditure for the period	<u>280,582</u>	<u>-</u>	<u>3,476</u>	<u>-</u>	<u>284,058</u>
Total liabilities	<u>101,909,455</u>	<u>41,650,153</u>	<u>2,196,694</u>	<u>1,905,472</u>	<u>147,661,774</u>
Gross financing income	<u>3,162,007</u>	<u>1,216,662</u>	<u>159,616</u>	<u>9,669</u>	<u>4,547,954</u>
Income paid to customers on time investments	<u>(34,566)</u>	<u>(11,751)</u>	<u>(69,881)</u>	<u>-</u>	<u>(116,198)</u>
Total operating income	<u>3,841,492</u>	<u>1,297,257</u>	<u>532,852</u>	<u>159,338</u>	<u>5,830,939</u>
Impairment charge for financing and other, net	<u>(287,486)</u>	<u>(493,498)</u>	<u>-</u>	<u>-</u>	<u>(780,984)</u>
Depreciation and amortization	<u>(151,721)</u>	<u>(3,057)</u>	<u>(9,089)</u>	<u>(7,734)</u>	<u>(171,601)</u>
Other operating expenses	<u>(1,190,133)</u>	<u>(115,596)</u>	<u>(10,466)</u>	<u>(99,452)</u>	<u>(1,415,647)</u>
Total operating expenses	<u>(1,629,340)</u>	<u>(612,151)</u>	<u>(19,555)</u>	<u>(107,186)</u>	<u>(2,368,232)</u>
Net income for the period	<u>2,212,152</u>	<u>685,106</u>	<u>513,297</u>	<u>52,152</u>	<u>3,462,707</u>

	SR'000 (Unaudited)				
2009	<u>Retail segment</u>	<u>Corporate segment</u>	<u>Treasury segment</u>	<u>Investment services and brokerage segment</u>	<u>Total</u>
Total assets	<u>65,978,096</u>	<u>54,652,940</u>	<u>42,190,454</u>	<u>403,960</u>	<u>163,225,450</u>
Capital expenditure for the period	<u>259,867</u>	<u>-</u>	<u>29,766</u>	<u>-</u>	<u>289,633</u>
Total liabilities	<u>87,958,959</u>	<u>41,385,161</u>	<u>4,753,704</u>	<u>1,776,241</u>	<u>135,874,065</u>
Gross financing income	<u>2,782,060</u>	<u>1,498,603</u>	<u>172,359</u>	<u>5,908</u>	<u>4,458,930</u>
Income paid to customers on time investments	<u>(67,136)</u>	<u>(10,762)</u>	<u>(274,494)</u>	<u>-</u>	<u>(352,392)</u>
Income paid on syndicated murabaha financing from banks	<u>-</u>	<u>-</u>	<u>(40,447)</u>	<u>-</u>	<u>(40,447)</u>
Total operating Income	<u>3,420,320</u>	<u>1,111,431</u>	<u>955,906</u>	<u>153,630</u>	<u>5,641,287</u>
Impairment charge for financing and other, net	<u>(180,642)</u>	<u>(413,818)</u>	<u>(58,425)</u>	<u>-</u>	<u>(652,885)</u>
Depreciation and amortization	<u>(121,208)</u>	<u>(3,842)</u>	<u>(8,658)</u>	<u>(10,292)</u>	<u>(144,000)</u>
Other operating expenses	<u>(1,222,301)</u>	<u>(55,474)</u>	<u>(29,205)</u>	<u>(34,693)</u>	<u>(1,341,673)</u>
Total operating expenses	<u>(1,524,151)</u>	<u>(473,134)</u>	<u>(96,288)</u>	<u>(44,985)</u>	<u>(2,138,558)</u>
Net income for the period	<u>1,896,169</u>	<u>638,297</u>	<u>859,618</u>	<u>108,645</u>	<u>3,502,729</u>

8. GENERAL RESERVE

At the general meeting held on 13 Rabie Al Awal 1431H (corresponding to February 27, 2010), the shareholders approved the transfer of SR 366.5 million from retained earnings to general reserve.

9. RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank transacts with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances resulting from such transactions as at June 30 are as follows:

	<u>SR'000 (Unaudited)</u>	
	<u>2010</u>	<u>2009</u>
<u>Board of directors:</u>		
Installment sale	3,043,702	2,352,540
Commitments and contingent liabilities	1,221,198	1,543,678
<u>Companies guaranteed by members of board of directors:</u>		
Installment sale	465,727	943,142
Commitments and contingent liabilities	38,698	6,555
<u>Mudaraba funds:</u>		
Current accounts	191,470	9,857
Mudaraba	5,785,015	4,317,040
Investments in funds	367,078	165,295
<u>Other major shareholders:</u>		
Direct investment	1,219,278	1,552,808
Current account	40,009	6,404
Investments in funds	-	66,702
Other liabilities	13,572	12,656

Income and expenses pertaining to transactions with related parties are as follows:

	<u>SR'000 (Unaudited)</u>	
	<u>For the six-month period ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Income from investments and other	66,090	70,718
Salaries and employee related benefits (air tickets)	6,418	5,747
Rent and premises related expenses	763	938
Board of Directors' remunerations	1,364	1,364

The amounts of compensations recorded in favor of or paid to the executive management personnel are as follows:

	<u>SR'000 (Unaudited)</u>	
	<u>For the six-month period ended June 30</u>	
	<u>2010</u>	<u>2009</u>
Short-term benefits	10,135	13,555
Provision for end of service benefits	681	699

The executive management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Bank directly or indirectly.

10. EARNINGS PER SHARE

Earnings per share for the periods ended June 30, 2010 and 2009 have been calculated by dividing the net income for the period by the weighted average number of shares outstanding in accordance with the requirements of IAS 33 - "earnings per share".

11. CAPITAL ADEQUACY

The Bank maintains an actively managed capital base to cover risks inherent in its 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.

SAMA has issued guidance regarding implementation of Basel II disclosures effective January 1, 2008. Consequently, the capital adequacy ratio as of June 30 is in accordance with the following schedule:

<u>Particular</u>	<u>Capital Adequacy Ratios (unaudited)</u>			
	<u>2010</u>		<u>2009</u>	
	<u>Total</u>	<u>Tier 1</u>	<u>Total</u>	<u>Tier 1</u>
	<u>Capital Ratio</u>	<u>Capital Ratio</u>	<u>Capital Ratio</u>	<u>Capital Ratio</u>
Top consolidated level	19.69%	16.48%	21.04%	17.25%

12. DIVIDENDS AND SUBSEQUENT EVENTS

At the General Assembly held on 13 Rabie Al Awal 1431H (corresponding to February 27, 2010), the shareholders approved the distribution of dividends amounting to SR 2.250 million for the second half of the year ended December 31, 2009, net of 1.5 riyal per share as zakat deduction on shareholder (during the first quarter of 2009 SR 2.625 million of dividend were approved net of 1.75 riyal per share as zakat deduction on shareholders).

On July 2010 the Board of Director approved dividends distribution for the first half of the current financial year amounting to SR 2.250 million, net of SR 1.5 per share as zakat deduction on shareholders. These dividends are due to shareholders of record. As of the end of the exchange on Monday July 12, 2010.

13. COMPARATIVE FIGURES

Certain prior period amounts have been reclassified to conform to the current period presentation.

14. BASEL II PILLAR THREE DISCLOSURES

Within the sixty days following the end of the current period, the Bank will disclose additional quantitative information related to Basel II pillar three disclosures, on its website (www.alrajhibank.com.sa), in accordance with the requirements of SAMA. Such information are not audited nor reviewed by the Bank's external auditors.