

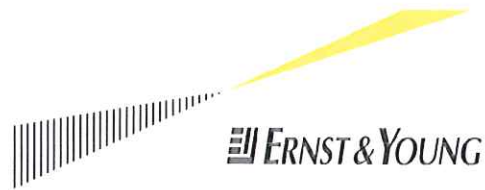
**AL RAJHI BANKING AND
INVESTMENT CORPORATION**

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS FOR THE
SIX-MONTH PERIOD ENDED
JUNE 30, 2012**

(UNAUDITED)



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



P.O. Box 2732
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**REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS**

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

Introduction

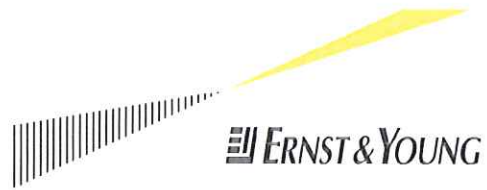
We have reviewed the accompanying interim consolidated statement of financial position of Al Rajhi Banking and Investment Corporation (the "Bank") and its subsidiaries (collectively referred to as "the Group") as of June 30, 2012, and the related interim consolidated statement of comprehensive income for the three and six-month periods then ended and the interim consolidated statements of changes in shareholders' equity, cash flows and the related notes from (1) to (14) for the six-month period then ended. We have not reviewed note (15), nor the information related to "Basel II Pillar Three Disclosures" 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 No. 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.



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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) to 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

Rashid S. Al Rashoud
Registration No. 366

2 Ramadan, 1433H
(July 21, 2012)



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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(SR'000)

	<u>Notes</u>	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
ASSETS				
Cash and balances with Saudi Arabian Monetary Agency ("SAMA")		19,483,603	20,419,467	17,749,200
Due from banks and other financial institutions		19,895,511	14,599,787	20,069,283
Investments	3	33,726,652	38,802,492	43,032,678
Financing, net	4	158,217,963	140,395,619	127,810,376
Customers' debit current accounts, net		327,656	375,941	262,012
Property and equipment, net		3,717,735	3,623,522	3,465,860
Other assets, net		<u>2,842,810</u>	<u>2,596,584</u>	<u>2,257,029</u>
TOTAL ASSETS		<u>238,211,930</u>	<u>220,813,412</u>	<u>214,646,438</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Due to banks and other financial institutions		10,469,096	7,020,781	7,170,841
Customers' deposits	5	185,967,472	173,429,465	166,397,355
Other liabilities		<u>7,097,494</u>	<u>6,792,109</u>	<u>9,467,104</u>
TOTAL LIABILITIES		<u>203,534,062</u>	<u>187,242,355</u>	<u>183,035,300</u>
SHAREHOLDERS' EQUITY:				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		13,956,451	13,956,451	12,111,884
Other reserves	7	1,502,506	750,000	750,000
Retained earnings		4,218,911	114,606	3,749,254
Proposed gross dividends and zakat		<u>-</u>	<u>3,750,000</u>	<u>-</u>
TOTAL SHAREHOLDERS' EQUITY		<u>34,677,868</u>	<u>33,571,057</u>	<u>31,611,138</u>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		<u>238,211,930</u>	<u>220,813,412</u>	<u>214,646,438</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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
INCOME:				
Gross financing and investments income	2,415,488	2,337,361	4,812,153	4,633,347
Income paid to customer's on time investments	<u>(71,371)</u>	<u>(64,473)</u>	<u>(140,326)</u>	<u>(127,343)</u>
Net financing and investments income	2,344,117	2,272,888	4,671,827	4,506,004
Fees from banking services, net	819,543	544,925	1,563,008	1,029,703
Exchange income, net	240,735	211,261	454,282	398,440
Other operating income	<u>22,758</u>	<u>21,480</u>	<u>165,475</u>	<u>53,162</u>
Total operating income	<u>3,427,153</u>	<u>3,050,554</u>	<u>6,854,592</u>	<u>5,987,309</u>
EXPENSES:				
Salaries and employees' related benefits	528,148	477,286	1,056,207	952,696
Rent and premises related expenses	53,121	46,005	105,709	84,291
Impairment charge for financing and other	378,304	346,753	845,053	696,119
Other general and administrative expenses	265,125	228,316	533,434	507,588
Depreciation and amortization	108,787	108,444	208,509	201,902
Board of directors' remuneration	<u>690</u>	<u>686</u>	<u>1,375</u>	<u>1,364</u>
Total operating expenses	<u>1,334,175</u>	<u>1,207,490</u>	<u>2,750,287</u>	<u>2,443,960</u>
Net income for the period	2,092,978	1,843,064	4,104,305	3,543,349
Comprehensive income items	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net comprehensive income for the period	<u>2,092,978</u>	<u>1,843,064</u>	<u>4,104,305</u>	<u>3,543,349</u>
Weighted average number of outstanding shares (Note 11)	<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 11)	<u>1.40</u>	<u>1.23</u>	<u>2.74</u>	<u>2.36</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	Other reserves	Retained earnings	Proposed gross dividends and zakat	Total
For the six-month period ended June 30, 2012						
Balance at the beginning of the period	15,000,000	13,956,451	750,000	114,606	3,750,000	33,571,057
Transfer to reserves (Note 7)	-	-	750,000	-	(750,000)	-
Dividends paid for the second half of 2011 (Note 13)	-	-	-	-	(3,000,000)	(3,000,000)
Employees' share plan (Note 7)	-	-	2,506	-	-	2,506
Net comprehensive income for the period	-	-	-	4,104,305	-	4,104,305
Balance at the end of the period	15,000,000	13,956,451	1,502,506	4,218,911	-	34,677,868
For the six-month period ended June 30, 2011						
Balance at the beginning of the period	15,000,000	12,111,884	-	205,905	3,000,000	30,317,789
Transfer to reserves (Note 7)	-	-	750,000	-	(750,000)	-
Dividends paid for the second half of 2010 (Note 13)	-	-	-	-	(2,250,000)	(2,250,000)
Net comprehensive income for the period	-	-	-	3,543,349	-	3,543,349
Balance at the end of the period	15,000,000	12,111,884	750,000	3,749,254	-	31,611,138

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>2012</u>	<u>2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	4,104,305	3,543,349
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization	208,509	201,902
Gain on sale of property and equipment	(141)	(174)
Impairment charge for financing and other	845,053	696,119
Employee share plan expenses	2,506	-
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(819,845)	(1,418,827)
Due from banks and other financial institutions	3,157,513	(9,317,026)
Investments held as FVIS	240,893	(585,355)
Financing	(18,647,620)	(8,419,717)
Customers debit current accounts	48,285	50,050
Other assets	(246,226)	(27,328)
Net increase in operating liabilities:		
Due to banks and other financial institutions	3,448,315	1,756,660
Customers deposits	12,538,007	23,333,318
Other liabilities	305,385	3,422,201
Net cash provided by operating activities	<u>5,184,939</u>	<u>13,235,172</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(305,731)	(272,904)
Proceeds from sale of property and equipment	3,150	179
Investments recorded at amortized cost	4,815,170	(14,222,552)
Net cash provided by (used in) investing activities	<u>4,512,589</u>	<u>(14,495,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	(3,000,000)	(2,250,000)
Net cash used in financing activities	<u>(3,000,000)</u>	<u>(2,250,000)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	6,697,528	(3,510,105)
Cash and cash equivalents at the beginning of the period	<u>18,622,071</u>	<u>20,224,680</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 8)	<u>25,319,599</u>	<u>16,714,575</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, 2012 (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
Olaya Street
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, Bylaws, and 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 do not include all notes required for the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2011.

The interim condensed consolidated financial statements were approved on 2 Ramadan 1433H (corresponding to July 16, 2012).

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 the Bank 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>2012</u>	<u>2011</u>
Al Rajhi Company for Development Limited - Saudi Arabia	100%	100%
Al Rajhi Corporation Limited - Malaysia	100%	100%
Al Rajhi Capital Company - Saudi Arabia	100%	99%
Al Rajhi Bank - Kuwait	100%	100%
Al Rajhi Bank - Jordan	100%	100%
Al Rajhi Takaful Agency Company - Saudi Arabia	99%	-

Al Rajhi Takaful Agency Company was formed during the last quarter of 2011. All the above-mentioned subsidiaries were consolidated.

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, 2011, as presented at the annual consolidated financial statements of the Bank, except for the change mentioned in Note 7 and for the adoption of the amendment to "IFRS 7 - Financial instruments: Transfers of financial assets" as detailed below which has had no significant impact on the interim condensed consolidated financial statements of the Bank.

The amendment to IFRS 7 is effective from July 1, 2011 and requires additional disclosures with respect to risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount, and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's balance sheet. Disclosures are also required to enable a user to understand the amount of any associated liabilities and the relationship between financial assets and associated liabilities.

The Bank has chosen not to early adopt the following standards, which are effective for the Banks 2013 financial reporting year.

• IAS 1	Amendments	Presentation of items of other comprehensive income
• IFRS 10		Consolidated financial statements
• IFRS 12		Disclosure of interests in other entities
• IFRS 13		Fair value measurement
• IAS 19	Revised 2011	Employees' benefits
• IAS 28	Revised 2011	Investments in associates and joint ventures
• IAS27		Separate financial statements
• IAS 32 and IFRS 7	Amendments	Financial instruments on asset and liability offsetting

3. INVESTMENTS

Investments comprise of the following:

	SR'000		
	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
Investments held at amortized cost:			
Murabaha with SAMA	<u>30,709,753</u>	<u>35,524,923</u>	<u>39,821,031</u>
Total investments held at amortized cost	<u>30,709,753</u>	<u>35,524,923</u>	<u>39,821,031</u>
Held at fair value through income statement (FVIS):			
Sukuk	1,251,507	1,310,097	1,471,874
Corporate shares	609,353	789,841	714,986
Mutual Funds	552,957	482,975	410,797
Miscellaneous investment	<u>603,082</u>	<u>694,656</u>	<u>613,990</u>
Total investments at FVIS	<u>3,016,899</u>	<u>3,277,569</u>	<u>3,211,647</u>
Total investments	<u>33,726,652</u>	<u>38,802,492</u>	<u>43,032,678</u>

4. FINANCING, NET

Financing, net comprise of the following:

	SR'000		
	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
Held at amortized cost:			
Retail	106,746,128	93,705,537	79,920,283
Corporate	52,295,260	47,293,360	48,294,094
Visa	<u>450,881</u>	<u>556,400</u>	<u>495,605</u>
Performing financing	159,492,269	141,555,297	128,709,982
Non-performing financing	<u>2,803,231</u>	<u>2,395,954</u>	<u>2,496,675</u>
Total financing	<u>162,295,500</u>	<u>143,951,251</u>	<u>131,206,657</u>
Provision for financing impairment	<u>(4,077,537)</u>	<u>(3,555,632)</u>	<u>(3,396,281)</u>
Net financing	<u>158,217,963</u>	<u>140,395,619</u>	<u>127,810,376</u>

5. CUSTOMERS' DEPOSIT

Customers' deposit comprise of the following:

	SR'000		
	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
Customers' deposit	175,600,758	164,817,558	159,649,441
Time investments	7,234,649	5,726,461	4,069,881
Other customers' accounts	3,132,065	2,885,446	2,678,033
Total	<u>185,967,472</u>	<u>173,429,465</u>	<u>166,397,355</u>

6. MUDARABA FUNDS, CONTINGENT LIABILITIES AND LITIGATIONS

Mudaraba funds and contingent liabilities comprise the following:

	SR'000		
	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
a) Mudaraba Funds:			
Mudaraba and customers' investments	10,763,818	8,166,802	9,226,534
Current accounts - metals	5,641	5,642	5,677
Total	<u>10,769,459</u>	<u>8,172,444</u>	<u>9,232,211</u>
b) Contingent Liabilities:			
Letters of credit and acceptances	4,249,314	3,797,759	4,428,012
Letters of guarantee	6,028,533	5,879,969	6,163,448
Irrevocable commitments to extend credit	5,300,419	5,706,419	8,780,100
Total	<u>15,578,266</u>	<u>15,384,147</u>	<u>19,371,560</u>
Grand Total	<u>26,347,725</u>	<u>23,556,591</u>	<u>28,603,771</u>

On June 30, 2012, there were a number of litigations raised against the Bank within the normal course of business, some of which related to contingent liabilities for granting of credit. These litigations are still under review by the concerned authorities.

Provisions have only been made against certain litigations, apart from others, as the Bank's management believes that the Bank has a positive position on the remaining litigations.

7. OTHER RESERVES

During the period ended March 31, 2012, the Bank changed its accounting policy relating to zakat, where the zakat calculated by the Bank was recorded as part of other liabilities and any subsequent differences in zakat calculation were to be covered from the general reserve.

Effective January 1, 2012 and in accordance with the Bank's new accounting policy, the Bank records the amount of zakat calculated by the Bank in other reserves until such time that the final amount of zakat payable can be determined at which time the amount of zakat payable is transferred from other reserves to other liabilities. Hence, comparative figures have been reclassified. According to the old and new accounting policies, zakat is still considered as distributions and not as expense to the Bank.

The Bank grants its shares to certain eligible employees, through share-based incentive programs after obtaining the necessary approval. The shares granting is subject to the completion of the agreed upon service period.

The calculated amounts are recorded on the accrual basis during the period under other reserves.

8. 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, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
Cash	7,312,279	6,186,518	5,953,112
Balances with SAMA (current accounts)	673,018	3,554,488	1,015,989
Due from banks and other financial institutions (current accounts and Murabaha)	<u>17,334,302</u>	<u>8,881,065</u>	<u>9,745,474</u>
Total	<u>25,319,599</u>	<u>18,622,071</u>	<u>16,714,575</u>

9. 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, Murabaha with SAMA and international trading portfolios.
Investments services and brokerage segment:	Incorporates investments of individuals and corporates in mutual funds, local and international shares trading services and investment portfolios.

Operating segments are identified on the basis of internal reporting about components of the Bank that are regularly reviewed by the Bank's Board of Directors in its function as the chief operating decision maker in order to allocate resources to the segments and to assess their performance.

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 six subsidiaries of which three is registered outside the Kingdom of Saudi Arabia as of June 30, 2012 (2011: five subsidiaries of which three is register outside the Kingdom of Saudi Arabia).

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, 2012 and 2011 together with the total operating income and expenses, and net income for the six-month 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
2012					
Total assets	<u>118,235,619</u>	<u>52,388,517</u>	<u>64,921,004</u>	<u>2,666,790</u>	<u>238,211,930</u>
Capital expenditure for the period	<u>301,845</u>	<u>9</u>	<u>-</u>	<u>3,877</u>	<u>305,731</u>
Total liabilities	<u>163,204,634</u>	<u>32,564,535</u>	<u>7,701,994</u>	<u>62,899</u>	<u>203,534,062</u>
Gross financing and investment income	<u>3,811,580</u>	<u>772,867</u>	<u>213,611</u>	<u>14,095</u>	<u>4,812,153</u>
Income paid to customers' on time investments	<u>(37,012)</u>	<u>(34,348)</u>	<u>(68,628)</u>	<u>(335)</u>	<u>(140,326)</u>
Total operating income	<u>4,868,510</u>	<u>952,820</u>	<u>625,174</u>	<u>408,088</u>	<u>6,854,592</u>
Impairment charge for financing and other	<u>(560,095)</u>	<u>(284,868)</u>	<u>-</u>	<u>(90)</u>	<u>(845,053)</u>
Depreciation and amortization	<u>(118,419)</u>	<u>(4,894)</u>	<u>(765)</u>	<u>(84,431)</u>	<u>(208,509)</u>
Other operating expenses	<u>(1,480,002)</u>	<u>(115,940)</u>	<u>(13,635)</u>	<u>(87,148)</u>	<u>(1,696,725)</u>
Total operating expenses	<u>(2,158,516)</u>	<u>(405,702)</u>	<u>(14,400)</u>	<u>(171,669)</u>	<u>(2,750,287)</u>
Net income for the period	<u>2,709,994</u>	<u>547,118</u>	<u>610,774</u>	<u>236,419</u>	<u>4,104,305</u>

	SR'000 (Unaudited)				
<u>2011</u>	<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>89,351,062</u>	<u>48,743,281</u>	<u>74,079,345</u>	<u>2,472,750</u>	<u>214,646,438</u>
Capital expenditure for the period	<u>270,659</u>	<u>-</u>	<u>-</u>	<u>2,245</u>	<u>272,904</u>
Total liabilities	<u>147,320,187</u>	<u>31,946,842</u>	<u>3,214,238</u>	<u>554,033</u>	<u>183,035,300</u>
Gross financing and investment income	<u>3,546,886</u>	<u>818,325</u>	<u>164,802</u>	<u>103,334</u>	<u>4,633,347</u>
Income paid to customers' on time investments	<u>(26,446)</u>	<u>(29,600)</u>	<u>(69,787)</u>	<u>(1,510)</u>	<u>(127,343)</u>
Total operating income	<u>4,169,504</u>	<u>975,749</u>	<u>533,405</u>	<u>308,651</u>	<u>5,987,309</u>
Impairment charge for financing and other	<u>(417,937)</u>	<u>(278,171)</u>	<u>-</u>	<u>(11)</u>	<u>(696,119)</u>
Depreciation and amortization	<u>(111,690)</u>	<u>(3,810)</u>	<u>(362)</u>	<u>(86,040)</u>	<u>(201,902)</u>
Other operating expenses	<u>(1,261,537)</u>	<u>(110,154)</u>	<u>(21,388)</u>	<u>(152,860)</u>	<u>(1,545,939)</u>
Total operating expenses	<u>(1,791,164)</u>	<u>(392,135)</u>	<u>(21,750)</u>	<u>(238,911)</u>	<u>(2,443,960)</u>
Net income for the period	<u>2,378,340</u>	<u>583,614</u>	<u>511,655</u>	<u>69,740</u>	<u>3,543,349</u>

10. 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>Related party</u>	<u>SR'000 (Unaudited)</u>	
	<u>2012</u>	<u>2011</u>
<u>Members of the board of directors:</u>		
Mutajara financing	2,438,900	2,288,072
Commitments and contingent liabilities*	950,756	1,024,115
<u>Companies and establishments guaranteed by members of board of directors:</u>		
Mutajara financing	61,323	713,970
Commitments and contingent liabilities*	41,722	37,513
<u>Mudaraba funds:</u>		
Current accounts	-	565,328
Mudaraba*	10,763,524	7,109,026
Investments in mutual funds	552,957	410,797
Other	-	35,812
<u>Other major shareholders (above 5% Bank's shares):</u>		
Mutajara financing	-	120,597
Direct investments	-	90,553
Current accounts	-	-
Investments in mutual funds	13,820	14,328
Other liabilities	16,684	15,022

*= off balance sheet

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>2012</u>	<u>2011</u>
Income from investments	53,189	62,030
Salaries and employees' related benefits (travel tickets)	4,853	5,746
Rent and premises related expenses	968	798
Board of Directors' remunerations	1,375	1,364

The compensation amounts for executive management are summarized as follows:

	<u>SR'000 (Unaudited)</u>	
	<u>For the six-month period ended June 30</u>	
	<u>2012</u>	<u>2011</u>
Short-term benefits	19,753	12,279
Provision for end of service benefits	455	623

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

11. EARNINGS PER SHARE

Earnings per share for the periods ended June 30, 2012 and 2011 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".

12. CAPITAL ADEQUACY

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

The objective of the Bank's capital management is to comply with SAMA's working capital requirements, where as a daily monitoring to the capital adequacy ratio is performed by the Bank in management to ensure that such ratio will not be less than 8%.

The Bank uses the methods established by SAMA for measuring the capital adequacy. These methods measure the capital adequacy by the comparing the eligible capital items with the consolidated financial position, commitments and contingent liabilities to reflect their relative risks as shown in the following table:

	SR'000		
	At June 30, 2012 (Unaudited)	At December 31, 2011 (Audited)	At June 30, 2011 (Unaudited)
Credit risk RWA	161,109,072	146,884,726	139,647,040
Operational risk RWA	19,704,783	19,697,148	19,207,023
Market risk RWA	<u>5,705,850</u>	<u>6,435,113</u>	<u>13,570,456</u>
Total RWA	<u>186,519,705</u>	<u>173,016,987</u>	<u>172,424,519</u>
Tier I capital	30,572,309	25,443,337	27,317,431
Tier II capital	<u>6,118,167</u>	<u>9,214,326</u>	<u>5,312,293</u>
Total tier I & II capital	<u>36,690,476</u>	<u>34,657,663</u>	<u>32,629,724</u>
Capital adequacy ratio %			
Tier ratio	16.39%	14.71%	15.84%
Tier I + II ratio	19.67%	20.03%	18.92%

13. PAID DIVIDENDS AND SUBSEQUENT EVENTS

At the General Assembly held on 11 Rabie Al Thani 1433H (corresponding to March 4, 2012), the shareholders approved the distribution of dividends amounting to SR 3,000 million for the second half of the year ended December 31, 2011, net of SR 2 riyal per share as zakat deduction on shareholder (during the first quarter of 2011, SR 2,250 million of dividend were approved for the second half of the year ended December 31, 2010, net of SR 1.50 per share as zakat deduction on shareholders).

On July 10, 2012 the Board of Directors recommended dividends distribution for the first half of the current financial year amounting to SR 1,875 million, net of SR 1.25 per share as zakat

deduction on shareholders. These dividends are due to shareholders of record as of the end of the exchange on July 16, 2012.

14. COMPARATIVE FIGURES

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

15. 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.
