

Al Rajhi Bank مصرف الراجحي



**Al Rajhi Banking and Investment Corporation
(Saudi Joint Stock Company)**

Interim Condensed Consolidated Financial Statements

**For the Six-Month Period Ended
30 June 2008**

(UNAUDITED)



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



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REVIEW REPORT

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

We have reviewed the accompanying interim consolidated balance sheet of Al Rajhi Banking and Investment Corporation (the "Corporation") as of 30 June 2008 and the related interim consolidated statements of 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 not (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 Corporation'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.



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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 SAMA 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 Note (11) to the relevant analysis prepared by the Corporation for submission to SAMA and found no material inconsistencies.

PricewaterhouseCoopers Al Juraid

Walid I. Shukri
Registration No. 329

06 Rajab 1429H
(09 July 2008)

Ernst & Young

Fahad M. Al-Toaimi
Registration No. 354

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

INTERIM CONSOLIDATED BALANCE SHEET

(SR'000)

		At 30 June	At 31 December	At 30 June
		2008	2007	2007
	<u>Notes</u>	<u>(Unaudited)</u>	<u>(Audited)</u>	<u>(Unaudited)</u>
ASSETS				
Cash and precious metals		3,586,706	3,486,046	2,986,269
Balances with Saudi Arabian Monetary Agency ("SAMA")		14,513,434	9,655,153	5,210,368
Due from banks		514,958	790,645	1,789,435
Investments, net:				
Mutajara		54,177,781	42,605,089	51,093,588
Instalment sale		58,305,670	55,989,774	53,938,832
Istisnaa		1,465,123	1,630,014	1,827,178
Murabaha		9,858,230	4,078,388	2,028,787
Other		<u>1,454,356</u>	<u>572,180</u>	<u>441,180</u>
Total investments, net	3	125,261,160	104,875,445	109,329,565
Customer debit current accounts, net		660,125	909,918	727,006
Property and equipment, net		2,780,175	2,591,101	2,289,180
Other assets, net		<u>2,722,908</u>	<u>2,578,174</u>	<u>2,402,097</u>
Total assets		<u>150,039,466</u>	<u>124,886,482</u>	<u>124,733,920</u>

(Continued)

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 BALANCE SHEET (continued)

(SR'000)

	Notes	At 30 June 2008 (Unaudited)	At 31 December 2007 (Audited)	At 30 June 2007 (Unaudited)
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES:				
Due to banks		4,255,675	2,593,090	1,919,871
Syndicated murabaha financing from banks	7	1,875,000	1,875,000	1,875,000
Customer deposits		108,496,330	89,725,167	90,453,435
Other customer accounts (including margins on letters of credit, third party funds, certified checks and transfers)		4,531,623	3,030,969	2,800,768
Other liabilities	12	7,029,956	4,056,144	5,323,761
Total liabilities		<u>126,188,584</u>	<u>101,280,370</u>	<u>102,372,835</u>
SHAREHOLDERS' EQUITY:				
Share capital	8	15,000,000	13,500,000	13,500,000
Statutory reserve		7,096,219	7,096,219	5,483,805
General reserve	8	285,976	197,650	197,650
Retained earnings	8	1,468,687	1,588,326	3,179,630
Proposed gross dividends		-	1,223,917	-
Total shareholders' equity		<u>23,850,882</u>	<u>23,606,112</u>	<u>22,361,085</u>
Total liabilities and Shareholders' equity		<u>150,039,466</u>	<u>124,886,482</u>	<u>124,733,920</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 INCOME (UNAUDITED)

(SR'000)

	For the three- Month period ended 30 June		For the Six- Month period ended 30 June	
	<u>2008</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>
INCOME:				
Income from investments:				
Mutajara	728,298	699,034	1,395,612	1,315,959
Instalment sale	1,417,444	1,349,969	2,812,255	2,677,754
Istisnaa	38,704	49,402	80,452	102,065
Murabaha	100,547	13,811	168,862	39,082
Other	<u>10,905</u>	<u>7,264</u>	<u>9,011</u>	<u>11,798</u>
Total income from investments	2,295,898	2,119,480	4,466,192	4,146,658
Income paid to customers and banks on time investments	(128,721)	(187,185)	(242,060)	(364,232)
Income paid on syndicated murabaha financing from banks	(27,454)	(27,360)	(54,220)	(54,423)
Income from investments, net	2,139,723	1,904,935	4,169,912	3,728,003
Mudaraba fees	18,490	20,057	42,227	32,654
Fees from banking services, net	431,758	236,914	709,127	477,285
Exchange income, net	101,796	111,910	239,736	229,909
Other operating income	<u>24,582</u>	<u>31,851</u>	<u>39,904</u>	<u>45,886</u>
Total operating income	2,716,349	2,305,667	5,200,906	4,513,737
EXPENSES:				
Salaries and employee related benefits	401,116	355,700	823,178	701,397
Rent and premises related expenses	34,509	31,584	68,778	57,658
Impairment charge for investments and other, net	276,689	95,971	464,771	167,350
Other general and administrative expenses	168,465	141,886	318,212	279,364
Depreciation and amortization	93,039	69,624	180,913	126,975
Board of directors' remuneration	<u>684</u>	<u>685</u>	<u>1,367</u>	<u>1,363</u>
Total operating expenses	974,502	695,450	1,857,219	1,334,107
Net income for the period	1,741,847	1,610,217	3,343,687	3,179,630
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>1.16</u>	<u>1.07</u>	<u>2.23</u>	<u>2.12</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)

	<u>Share capital</u>	<u>Statutory reserve</u>	<u>General reserve</u>	<u>Retained earnings</u>	<u>Proposed gross dividends</u>	<u>Total</u>
For the Six-month period ended 30 June 2008						
Balance at the beginning of the period	13,500,000	7,096,219	197,650	1,588,326	1,223,917	23,606,112
Transfer to accrued zakat	-	-	-	-	(548,917)	(548,917)
Dividends paid	-	-	-	-	(675,000)	(675,000)
Interim dividends for the first half (Note 12)	-	-	-	(1,875,000)	-	(1,875,000)
Bonus share issued (Note 8)	1,500,000	-	-	(1,500,000)	-	-
Net income for the period	-	-	-	3,343,687	-	3,343,687
Transfer to general reserve (Note 8)	-	-	88,326	(88,326)	-	-
Balance at the end of the period	15,000,000	7,096,219	285,976	1,468,687	-	23,850,882
For the Six-month period ended 31 June 2007						
Balance at the beginning of the period	6,750,000	5,483,805	1,400,000	5,547,650	998,021	20,179,476
Transfer to accrued zakat	-	-	-	-	(323,021)	(323,021)
Dividends paid	-	-	-	-	(675,000)	(675,000)
Bonus share issued	6,750,000	-	(1,202,350)	(5,547,650)	-	-
Net income for the period	-	-	-	3,179,630	-	3,179,630
Balance at the end of the period	13,500,000	5,483,805	197,650	3,179,630	-	22,361,085

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 30 June	
	<u>2008</u>	<u>2007</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income for the period	3,343,687	3,179,630
Adjustments to reconcile net income to net cash provided by operating activities:		
Impairment charge for investments and other, net	464,771	167,350
Depreciation and amortization	180,913	126,975
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(5,553,845)	(814,164)
Customer debit current accounts	164,357	(7,619)
Other assets	(153,347)	(156,751)
Net increase (decrease) in operating liabilities:		
Due to banks	1,662,585	(1,553,375)
Customer deposits	18,771,163	17,055,455
Other customer accounts	1,500,654	316,326
Other liabilities	<u>544,077</u>	<u>1,171,077</u>
Net cash from operating activities	<u>20,925,015</u>	<u>19,484,904</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Mutajara	(11,637,694)	(16,858,536)
Instalment sale	(2,614,897)	(2,582,573)
Istisnaa	164,891	336,975
Murabaha	(5,789,356)	(788,234)
Other investments	(882,176)	(10,296)
Purchase of property and equipment	<u>(361,374)</u>	<u>(431,204)</u>
Net cash used in investing activities	<u>(21,120,606)</u>	<u>(20,333,868)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Dividends paid	<u>(675,000)</u>	<u>(675,000)</u>
Net cash used in financing activities	<u>(675,000)</u>	<u>(675,000)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(870,591)	(1,523,964)
Cash and cash equivalents at the beginning of the period	<u>6,853,268</u>	<u>6,299,895</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (NOTE 5)	<u>5,982,677</u>	<u>4,775,931</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 30 JUNE 2008 (UNAUDITED)

1. GENERAL

Incorporation and operations

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

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

Al Rajhi Banking and Investment Corporation
P.O. Box 28
Riyadh 11411
Kingdom of Saudi Arabia

The objectives of the Corporation 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 Corporation 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 Corporation 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 Corporation 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 Corporation 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.

2. BASIS OF PREPARATION AND ACCOUNTING POLICIES (continued)

The interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2007.

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

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

These consolidated financial statements include the accounts of Al Rajhi Banking and Investment Corporation and its subsidiaries in which the Corporation's shareholdings exceed 50% of their share capital and have the power to govern their financial and operational policies. Significant balances and transactions between the Corporation and its subsidiaries and those among subsidiaries are eliminated upon consolidation. Subsidiaries are consolidated from the date on which control is transferred to the Corporation till the date control ceases. The financial statements of the subsidiaries are prepared for the same reporting year as that of the Corporation, using consistent accounting policies.

The consolidated subsidiaries as at 30 June are as follows:

	<u>Shareholding %</u>	
	<u>2008</u>	<u>2007</u>
SPC Limited - British Virgin Islands	99%	99%
Arpent VAT Limited – UK	100%	100%
Al Rajhi Investment Corporation Limited - London	100%	100%
ARA (1) Company Limited – Jersey	99%	99%
Al Rajhi Company for Development Limited - Riyadh	99%	99%
Al Rajhi Banking & Investment Corporation BHD-Malaysia	100%	100%
Al Rajhi Financial Services Company	99%	99%

During the second quarter of 2007 and in accordance with the Capital Market Authority (CMA) requirements, the Corporation has established a new company for brokerage business under the name of "Al Rajhi Financial Services Company" by spinning off all the brokerage business from the Corporation.

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 31 December 2007.

3. INVESTMENTS, NET

Investments, net comprise of the following:

	SR'000		
	At 30 June 2008 (Unaudited)	At 31 December 2007 (Audited)	At 30 June 2007 (Unaudited)
Held at amortized cost:			
Mutajara	54,177,781	42,605,089	51,093,588
Instalment sale	58,305,670	55,989,774	53,938,832
Istisnaa	1,465,123	1,630,014	1,827,178
Murabaha	9,858,230	4,078,388	2,028,787
Total	<u>123,806,804</u>	<u>104,303,265</u>	<u>108,888,385</u>
Held as fair value through income statement (FVIS):			
Other	1,454,356	572,180	441,180
Total	<u>1,454,356</u>	<u>572,180</u>	<u>441,180</u>
Grand total	<u>125,261,160</u>	<u>104,875,445</u>	<u>109,329,565</u>

4. MUDARABA FUNDS AND CONTINGENT LIABILITIES

Mudaraba funds and contingent liabilities comprise the following:

	SR'000		
	At 30 June 2008 (Unaudited)	At 31 December 2007 (Audited)	At 30 June 2007 (Unaudited)
a) Mudaraba Funds:			
Customers' investments	420,566	429,882	662,653
Current accounts - metals	21,460	21,610	19,452
Total	<u>442,026</u>	<u>451,492</u>	<u>682,105</u>
b) Contingent Liabilities:			
Letters of credit and acceptances	7,457,061	5,435,781	3,076,946
Letters of guarantee	7,473,533	6,458,948	5,156,922
Irrevocable commitments to extend credit	7,528,024	6,834,037	5,359,966
Total	<u>22,458,618</u>	<u>18,728,766</u>	<u>13,593,834</u>
Grand Total	<u>22,900,644</u>	<u>19,180,258</u>	<u>14,275,939</u>

5. CASH AND CASH EQUIVALENTS

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

	SR'000		
	At 30 June 2008 (Unaudited)	At 31 December 2007 (Audited)	At 30 June 2007 (Unaudited)
Cash and precious metals	3,586,706	3,486,046	2,986,269
Balances with SAMA (current accounts)	1,881,013	2,576,577	227
Due from banks (current accounts)	<u>514,958</u>	<u>790,645</u>	<u>1,789,435</u>
Total	<u>5,982,677</u>	<u>6,853,268</u>	<u>4,775,931</u>

6. BUSINESS SEGMENTS

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

Individuals Segment (retail):	Includes individual customer deposits, credit facilities, customer debit current accounts (overdrafts), fee from banking services and remittance business.
Corporate Segment:	Includes corporate customers' deposits, credit facilities and debit current accounts (overdrafts).
Treasury and Financial Institutions:	Includes treasury and financial institutions services and international portfolios.
Investments Segment:	Includes individual and corporate customers' investments in mutual funds and equity investments, 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 Corporation's assets and liabilities.

The Corporation carries out its activities principally in the Kingdom of Saudi Arabia, and has seven subsidiaries, of which five are registered outside the Kingdom as at 30 June 2008 and 2007.

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

The Corporation's total assets and liabilities as at 30 June 2008 and 2007 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)				
	Individuals (retail)	Corporate	Treasury and Financial Institutions	Investments	Total
2008					
Total assets	63,353,833	47,274,884	39,410,749	-	150,039,466
Total liabilities	88,675,534	26,152,052	10,044,759	1,316,239	126,188,584
Total operating income	3,094,148	945,469	922,786	238,503	5,200,906
Impairment of investments and other, net	(235,044)	(144,271)	(85,075)	(381)	(464,771)
Depreciation and amortization	(158,544)	(8,875)	(1,922)	(11,572)	(180,913)
Other operating expenses	(984,309)	(97,987)	(46,645)	(82,594)	(1,211,535)
Total operating expenses	(1,377,897)	(251,133)	(133,642)	(94,547)	(1,857,219)
Net income for the period	1,716,251	694,336	789,144	143,956	3,343,687
2007					
Total assets	59,774,736	23,176,060	41,783,124	-	124,733,920
Total liabilities	69,571,961	26,133,229	5,802,226	865,419	102,372,835
Total operating income	2,933,041	577,233	732,342	271,121	4,513,737
Impairment of investments and other, net	(201,345)	-	63,745	(29,750)	(167,350)
Depreciation and amortization	(111,878)	(5,257)	(762)	(9,078)	(126,975)
Other operating expenses	(833,062)	(57,961)	(73,726)	(75,033)	(1,039,782)
Total operating expenses	(1,146,285)	(63,218)	(10,743)	(113,861)	(1,334,107)
Net income for the period	1,786,756	514,015	721,599	157,260	3,179,630

7. SYNDICATED MURABAHA FINANCING FROM BANKS

This balance represents murabaha facilities amounting to USD 500 million (SR 1,875 million) for three years maturing in May 2009 and was obtained from consortium of banks.

The facilities profit is payable on six semi-annual installments over three years. The final sixth installment of profit is payable together with the principal amount according to the facility agreement.

8. SHARE CAPITAL AND STATUTORY RESERVE

At the extra-ordinary general meeting held on 17 Safar 1429H (corresponding to 24 February 2008), the shareholders approved an increase in the share capital of the Corporation from SR 13,500 million to SR 15,000 million through the issuance of one bonus share for each nine shares held by transferring SR 1,500 million from the retained earnings. Also, at the same meeting, the shareholders approved a transfer of SR 88.3 million from the retained earnings to the general reserve.

9. RELATED PARTY TRANSACTION

In the ordinary course of business, the Corporation 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 30 June are as follows:

Related parties	Type of transaction	30 June 2008 (Unaudited)		30 June 2007 (Unaudited)	
		Debit	Credit	Debit	Credit
Members of the Board of Directors	Letters of credit	340,981	-	234,812	-
	Musharaka bills	656,440	-	497,696	-
	Mutajara	3,250,009	-	3,934,897	-
	Murabaha bills	13,755	-	126,637	-
	Current accounts	14,344	495,667	69,591	305,849
	Direct investment	-	317,642	-	24,336
	Letters of guarantee	305,166	-	280,755	-
	Guarantee	66,000	-	66,000	-
	Bills Acceptance	29,263	-	31,097	-
Companies and establishments guaranteed by members of the Board of Directors	Letter of Credit	-	-	5,223	-
	Mutajara	23,382	-	17,871	-
	Musharaka bills	-	-	10,449	-
	Current accounts	-	-	7,674	5,160
	Letters of guarantee	41,652	-	44,188	-
Mudaraba funds	Current accounts	-	5,376	-	26,299
	Mudaraba	-	3,238,062	-	2,135,051
	Investment in funds	193,517	-	127,374	-

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9. RELATED PARTY TRANSACTION (continued)

Related parties	Type of transaction	30 June 2008 (Unaudited)		30 June 2007 (Unaudited)	
		Debit	Credit	Debit	Credit
Other major shareholders with ownership of more than 5% of the Corporation's share capital	Direct investments	-	1,558,844	-	1,566,765
	Current account	-	2,392	-	-
	Investment in funds	-	83,982	-	-
	Other liabilities	-	10,651	-	10,902

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

	(SR'000)	
	For the six months period ended 30 June 2008 (Unaudited)	For the six months period ended 30 June 2007 (Unaudited)
Income from investments	90,797	131,336
Other operating income	542	711
Salaries and employee related benefits (air tickets)	5,610	3,926
Rent and premises related expenses	1,208	1,165
Board of Directors' remunerations	1,367	1,363

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

	(SR'000)	
	For the six months period ended 30 June 2008 (Unaudited)	For the six months period ended 30 June 2007 (Unaudited)
Short-term benefits	15,559	11,937
Provision for end of service benefits	549	464

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

10. EARNING PER SHARE

Earnings per share for the periods ended 30 June 2008 and 2007 have been calculated by dividing the net income for the period by 1,500 million shares to retroactively reflect the effect of the change in number of shares increased as a result of issuance of bonus shares (Note 8) in accordance with the requirements of IAS 33 - earnings per share.

11. CAPITAL ADEQUACY

The Corporation maintains an actively managed capital base to cover risks inherent in its business. The adequacy of the Corporation'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 1 January 2008. Consequently, the following disclosures have been made for the first period and comparatives have not been presented.

Particular	Capital Adequacy Ratios (Unaudited)	
	Total Capital Ratio	Tier 1 Capital Ratio
Top consolidated level	18.09%	14.96%

12. INTERIM DIVIDEND

As of 29 June 2008 the Board of Directors approved an interim dividend of SAR 1,875 million for distribution to the shareholders for the six-month period ended 30 June 2008. This interim dividend, which is included in other liabilities as of 30 June 2008 will result in a payment to the shareholders of SR 1.25 per share.

13. COMPARATIVE FIGURES

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

14. BASEL II PILLAR 3 DISCLOSURES

The Company will make within 60 days after 30 June 2008, the disclosures available to the public on the Corporation's website (www.alrajhibank.com.sa) as required by SAMA. Certain additional quantitative disclosures are required under Basel II Pillar 3. Such disclosures are not subject to review or audit by the external auditors of the Corporation.