
BANK ALJAZIRA

(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED
SEPTEMBER 30, 2009 AND REVIEW REPORT**

REVIEW REPORT

To the Shareholders of Bank AlJazira:
(A Saudi Joint Stock Company)

We have reviewed the accompanying interim condensed consolidated financial statements of the Bank AlJazira ("the Bank") and its subsidiaries as at September 30, 2009, comprising the consolidated statement of financial position as at September 30, 2009, and the related consolidated statement of income and consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2009 and the consolidated statements of changes in equity and cash flows for the nine-month period then ended, along with condensed notes 1 through 11.

Management's Responsibility for the 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 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" 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 Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 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.

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 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 Bank for submission to SAMA and found no material inconsistencies.

For Ernst & Young

By: _____
Ahmed I. Reda
Certified Public Accountant
Licence Number 356

October 19, 2009
Shawal 30, 1430H

**For PricewaterhouseCoopers Al Juraid**

By: _____
Omar M. Al Sagga
Certified Public Accountant
Licence Number 369



Bank AlJazira

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		September 30, 2009 (Unaudited) <u>SR'000</u>	December 31, 2008 (Audited) <u>SR'000</u>	September 30, 2008 (Unaudited) <u>SR'000</u>
	<u>Notes</u>			
ASSETS				
Cash and balances with SAMA		1,804,569	2,258,459	1,594,217
Due from banks and other financial institutions		5,244,692	3,903,582	2,902,083
Investments	5	4,916,428	4,909,368	3,702,923
Loans and advances, net		15,599,254	15,133,153	14,088,020
Other real estate, net	6	683,299	75,797	75,797
Property and equipment, net		491,706	493,503	469,004
Other assets		420,470	745,843	570,596
Total assets		29,160,418	27,519,705	23,402,640
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		1,569,218	1,366,645	1,207,023
Customers' deposits		22,192,432	20,900,368	16,858,944
Other liabilities		444,016	514,869	464,407
Total liabilities		24,205,666	22,781,882	18,530,374
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	10	3,000,000	3,000,000	3,000,000
Statutory reserve		1,383,000	1,383,000	1,327,000
General reserve		68,000	68,000	68,000
Other reserve		-	(3,141)	37,541
Retained earnings		314,587	188,943	339,215
Total equity attributable to equity holders of the parent		4,765,587	4,636,802	4,771,756
Minority interest (non-controlling interest)		189,165	101,021	100,510
Total equity attributable to equity holders of the parent equity and minority interest		4,954,752	4,737,823	4,872,266
Total liabilities and equity		29,160,418	27,519,705	23,402,640

The accompanying notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

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CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	For the Three Months Ended		For the Nine Months Ended	
	September	September	September	September
	30, 2009	30, 2008	30, 2009	30, 2008
	SR'000	SR'000	SR'000	SR'000
Special commission income	224,276	286,098	758,853	809,852
Special commission expense	(62,362)	(131,746)	(237,873)	(320,814)
Net special commission income	161,914	154,352	520,980	489,038
Fees from banking services, net	76,308	117,791	294,535	432,305
Exchange income, net	3,946	3,752	11,997	12,789
Trading income/(loss), net	16,335	(22,899)	30,661	(21,115)
Income from FVIS financial instruments	98,371	-	98,371	-
Dividend income	250	4,202	5,054	10,532
Gains on non-trading investments, net	-	-	20,729	4,003
Other operating income	1,039	90	1,853	2,807
Total operating income	358,163	257,288	984,180	930,359
Salaries and employee-related expenses	97,296	101,926	287,470	323,805
Rent and premises-related expenses	15,516	15,757	41,433	47,438
Depreciation	21,000	19,086	62,536	55,169
Other general and administrative expense	36,257	49,418	128,063	154,119
Impairment charge for / (reversal of) credit losses, net	115,676	(116)	154,783	25,087
Impairment charge for other financial assets	-	10,281	5,392	10,281
Other operating expenses	2,912	82	10,991	449
Total operating expenses	288,657	196,434	690,668	616,348
Net income for the period	69,506	60,854	293,512	314,011
Loss / (income) attributable to minority interest (non-controlling interest)	283	18	(268)	100
Net income for the period attributable to equity holders of the parent	69,789	60,872	293,244	314,111
Earnings per share				
Weighted average number of outstanding shares (in thousands)	300,000	300,000	300,000	300,000
Basic and diluted earnings per share (expressed in SR)	0.23	0.20	0.98	1.05

The accompanying notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

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(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	<u>For the Three Months Ended</u>		<u>For the Nine Months Ended</u>	
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>30, 2009</u>	<u>30, 2008</u>	<u>30, 2009</u>	<u>30, 2008</u>
	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>	<u>SR'000</u>
Net income for the period	<u>69,506</u>	<u>60,854</u>	<u>293,512</u>	<u>314,011</u>
Other comprehensive income / (loss):				
Net changes in fair value of available for sale investments	-	(83,160)	23,870	(100,949)
Transfer to consolidated income statement:				
Gains on non-trading investments, net	<u>-</u>	<u>-</u>	<u>(20,729)</u>	<u>(4,003)</u>
Other comprehensive (loss) / income for the period	<u>-</u>	<u>(83,160)</u>	<u>3,141</u>	<u>(104,952)</u>
Total comprehensive income / (loss) for the period	<u>69,506</u>	<u>(22,306)</u>	<u>296,653</u>	<u>209,059</u>
Attributable to:				
Equity holders of the parent	69,789	(22,288)	296,385	209,159
Minority interest (non-controlling interest)	(283)	(18)	268	(100)
Total comprehensive income for the period	<u>69,506</u>	<u>(22,306)</u>	<u>296,653</u>	<u>209,059</u>

The accompanying notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (UNAUDITED)

	Share capital SR'000	Statutory reserve SR'000	General reserve SR'000	Other reserve SR'000	Retained earnings SR'000	Proposed dividend SR'000	Total equity attributable to equity holders of the parent SR'000	Minority interest SR'000	Total SR'000
2009									
Balance at January 1, 2009 (audited)	3,000,000	1,383,000	68,000	(3,141)	188,943	-	4,636,802	101,021	4,737,823
Total comprehensive income for the period	-	-	-	3,141	293,244	-	296,385	268	296,653
Proposed gross dividend for 2008	-	-	-	-	(170,100)	170,100	-	-	-
Gross dividend for 2008 (approved)	-	-	-	-	-	(170,100)	(170,100)	-	(170,100)
Zakat and income tax relating to a subsidiary	-	-	-	-	(10,586)	-	(10,586)	-	(10,586)
Zakat and income tax relating to a subsidiary reimbursed by the shareholders	-	-	-	-	13,086	-	13,086	-	13,086
Net changes in minority interest	-	-	-	-	-	-	-	87,876	87,876
Balance at September 30, 2009 (unaudited)	3,000,000	1,383,000	68,000	-	314,587	-	4,765,587	189,165	4,954,752
2008									
Balance at January 1, 2008 (audited)	2,250,000	1,327,000	68,000	142,493	775,104	135,000	4,697,597	91,492	4,789,089
Total comprehensive income / (loss) for the period	-	-	-	(104,952)	314,111	-	209,159	(100)	209,059
Bonus share issue	750,000	-	-	-	(750,000)	-	-	-	-
Gross dividend for 2007 (approved)	-	-	-	-	-	(135,000)	(135,000)	-	(135,000)
Net changes in minority interest	-	-	-	-	-	-	-	9,118	9,118
Balance at September 30, 2008 (unaudited)	3,000,000	1,327,000	68,000	37,541	339,215	-	4,771,756	100,510	4,872,266

The accompanying notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (UNAUDITED)

	2009 SR'000	2008 SR'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period	293,244	314,111
Adjustments to reconcile net income to net cash used in operating activities:		
Trading income, net	(30,661)	21,115
Income from FVIS financial instruments	(98,371)	-
Gains on non-trading investments, net	(20,729)	(4,003)
Impairment charge for credit losses, net	154,783	33,673
Depreciation	62,536	55,169
Loss on sale of property and equipment	44	28
Impairment of other financial assets	5,392	10,281
	<u>366,238</u>	<u>430,374</u>
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(139,102)	(620,283)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition	(483,311)	(432,851)
Investments held for trading	(333,023)	481,040
Loans and advances	(1,503,198)	(4,242,457)
Other real estate	101	-
Other assets	325,373	461,886
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	202,573	490,333
Customers' deposits	1,292,064	1,211,857
Other liabilities	(77,941)	62,714
Net cash used in operating activities	<u>(350,226)</u>	<u>(2,157,387)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of non-trading investments	1,561,401	1,135,126
Purchase of non-trading investments	(817,000)	(491,636)
Purchase of property and equipment	(60,919)	(64,907)
Proceed from sale of property and equipment	136	9
Dividend received	3,783	3,821
Net cash from investing activities	<u>687,401</u>	<u>582,413</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(160,512)	(144,429)
Net movements in minority interests	88,144	9,018
Net cash used in financing activities	<u>(72,368)</u>	<u>(135,411)</u>
Net increase (decrease) in cash and cash equivalents	264,807	(1,710,385)
Cash and cash equivalents at the beginning of the period	3,876,023	3,891,962
Cash and cash equivalents at the end of the period (Note 8)	<u>4,140,830</u>	<u>2,181,577</u>
Special commission received during the period	779,367	814,669
Special commission paid during the period	277,229	278,428
SUPPLEMENTAL NON-CASH INFORMATION		
Net changes in fair values	3,141	(104,952)
Real estate acquired in settlement of loans and advances	607,603	-
Shares acquired in settlement of loans and advances	274,711	-

The accompanying notes 1 to 11 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008

1. GENERAL

Bank AlJazira (the "Bank") is a Joint Stock Company incorporated in the Kingdom of Saudi Arabia and formed pursuant to Royal Decree number 46/M dated Jumad Al-Thani 12, 1395H (June 21, 1975). The Bank commenced its business on Shawwal 16, 1396H (October 9, 1976) with the takeover of The National Bank of Pakistan's branches in the Kingdom of Saudi Arabia and operates under commercial registration number 4030010523 dated Rajab 29, 1396H (July 27, 1976) issued in Jeddah, through its 36 branches (2008: 25 branches) in the Kingdom of Saudi Arabia. The Bank's Head Office is located at the following address:

Bank AlJazira
Nahda Center, Malik Street, P. O. Box 6277
Jeddah 21442, Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services.

The Bank provides to its customers Shari'ah compliant (non-interest based) banking products comprising of Murabaha, Istisna'a, Ijarah and Tawaraq, which are approved and supervised by an independent Shari'ah Board established by the Bank.

During 2008, the Bank formed a new capital market company, namely, AlJazira Capital Company, a Saudi Closed Joint Stock Company formed in accordance with Capital Market Authority's Resolution no. 2-38-2007 dated 8 Rajab 1428H (July 22, 2007), registered in the Kingdom of Saudi Arabia under Commercial Registration No. 4030177603 dated 17 Rabi Awal 1429H (March 25, 2008). The Bank has 99.99% direct ownership interest in the subsidiary, AlJazira Capital Company, and an indirect ownership of 0.01% (the indirect ownership is held on behalf and for the beneficial interest of the Bank by minority shareholders). The activities of Brokerage Division of the Bank were taken over by AlJazira Capital Company, with effect from April 5, 2008.

In accordance with new regulatory requirements in Saudi Arabia, the Bank is in the process of completing the legal formalities to transfer asset management activities to AlJazira Capital Company. The actual transfer of the activities / operations is expected to take place during 2009.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

2. BASIS OF PREPARATION

The Bank prepares these interim condensed consolidated financial statements in accordance with the applicable Accounting Standards for Financial Institutions and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency (SAMA) and IAS 34 – Interim Financial Reporting. The Bank also prepares its interim condensed consolidated financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

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

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of Bank AlJazira and its subsidiaries, namely Al Khair, Al Thoraiya and Al Mashareq Mutual Funds, AlJazira Capital Company and Aman Real Estate (collectively referred to as “the Group”). The financial statements of the subsidiaries are prepared for the same reporting year as that of the Bank, using consistent accounting policies.

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying an ownership interest of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed of during the year, if any, are included in the interim condensed consolidated income statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Minority interests represent the portion of net income and net assets not owned, directly or indirectly, by the Bank in its subsidiaries and are presented separately in the interim condensed consolidated income statement and within equity in the interim condensed consolidated balance sheet, separately from parent shareholders' equity.

Balances between the Bank and its subsidiaries, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

4. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those followed in the preparation of the Bank's annual consolidated financial statements for the year ended December 31, 2008 as described in the annual consolidated financial statements for the year ended December 31, 2008, except for the adoption of IFRS 8 (operating segments) and amendments to the revised IAS 1 (presentation of financial statements) as mentioned below, effective from January 1, 2009.

- IFRS 8 'Operating Segments':

The new standard which replaced IAS 14 'Segment reporting' requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. Therefore, the segments are reported in a manner that is more consistent with the internal reporting provided to senior management. This had no impact on the classification of the segments presented.

- IAS 1 'Presentation of Financial Statements' (Revised):

The revised standard requires changes in equity arising from transactions with shareholders in their capacity as shareholders (i.e. shareholder changes in income) to be presented in the statement of changes in equity. All other changes in equity (i.e. non-shareholder changes in equity) are required to be presented separately in a performance statement (consolidated statement of comprehensive income).

The Bank has adopted the standard and amendments with retrospective effect which had no impact on the financial position and financial performance of the Group. The comparative information has been represented, where required, to conform to current year presentation.

5. INVESTMENTS

	September 30, 2009 (Unaudited) <u>SR'000</u>	December 31, 2008 (Audited) <u>SR'000</u>	September 30, 2008 (Unaudited) <u>SR'000</u>
Held for trading	883,678	524,757	195,368
Other investments held at amortised cost	3,655,120	4,238,120	3,188,120
Available for sale	4,548	146,491	319,435
Held as FVIS	373,082	-	-
Total	4,916,428	4,909,368	3,702,923

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

6. OTHER REAL ESTATE, NET

During March 2009, the Bank acquired other real estate in settlement of a loan of a customer amounting to SR 607.6 million. The Bank has ascertained that the fair value of the other real estate acquired exceeds the carrying value of the loan settled.

7. CREDIT RELATED COMMITMENTS AND CONTINGENCIES

The Bank's credit related commitments and contingencies are as follows:

	September 30, 2009 (Unaudited) SR'000	December 31, 2008 (Audited) SR'000	September 30, 2008 (Unaudited) SR'000
Letters of guarantee	2,174,863	2,107,838	2,234,017
Letters of credit	641,182	618,031	649,470
Acceptances	574,361	285,324	186,773
Irrevocable commitments to extend credit	133,960	1,236,157	1,487,317
Total	3,524,366	4,247,350	4,557,577

8. CASH AND CASH EQUIVALENTS

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

	September 30, 2009 (Unaudited) SR'000	December 31, 2008 (Audited) SR'000	September 30, 2008 (Unaudited) SR'000
Cash and balances with SAMA, excluding statutory deposit	699,415	1,292,407	313,595
Due from banks and other financial institutions with an original maturing of ninety days or less	3,441,415	2,583,616	1,867,982
Total	4,140,830	3,876,023	2,181,577

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

9. BUSINESS SEGMENTS

The Bank has adopted IFRS 8 Operating Segments with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief decision maker in order to allocate resources to the segments and to assess its performance. Following the adoption of IFRS 8, the identification of the Bank's reportable segments has not changed.

All of the Bank's operations are based in the Kingdom of Saudi Arabia.

Transactions between the business segments are recorded based on the Bank's transfer pricing methodologies. Segment assets and liabilities mainly comprise operating assets and liabilities.

For management purposes, the Bank is organized into following main business segments:

Personal banking

Deposit, credit and investment products for individuals.

Corporate banking

Loans, deposits and other credit products for corporate, small to medium sized businesses and institutional customers.

Brokerage

Provides shares brokerage services to customers (this segment includes the activities of the Bank's subsidiary AlJazira Capital Company).

Treasury banking

Money market, trading and treasury services. Commission is charged to business segments based on a pool rate, which approximates the marginal cost of funds.

Other

Other operations of the Bank comprise funds management and other residual businesses, none of which constitutes a separately reportable segment.

The Bank's total assets and liabilities at September 30, 2009 and 2008, its total operating income and expenses, and its net income for the nine months then ended, by business segment, are as follows:

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

9. BUSINESS SEGMENTS (continued)

September 30, 2009 (SR'000)

	Personal banking (Unaudited)	Corporate banking (Unaudited)	Brokerage (Unaudited)	Treasury and other (Unaudited)	Total (Unaudited)
Total assets	3,557,504	13,009,983	844,809	11,748,122	29,160,418
Total liabilities	9,950,056	1,408,030	194,412	12,653,168	24,205,666
Operating income from external customers	141,849	486,261	215,345	140,725	984,180
Inter-segment operating income / (loss)	52,010	(87,732)	559	35,163	-
Total operating income	193,859	398,529	215,904	175,888	984,180
Impairment charge for credit losses, net	(38)	154,821	-	-	154,783
Impairment of other financial assets	-	-	-	5,392	5,392
Depreciation	31,553	7,401	14,446	9,136	62,536
Total operating expenses net of minority interests	244,040	233,071	142,136	71,689	690,936
Net (loss) / income	(50,181)	165,458	73,768	104,199	293,244

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

9. BUSINESS SEGMENTS (continued)

September 30, 2008 (SR'000)

	Personal banking (Unaudited)	Corporate banking (Unaudited)	Brokerage (Unaudited)	Treasury and other (Unaudited)	Total (Unaudited)
Total assets	2,917,687	11,899,654	503,348	8,081,951	23,402,640
Total liabilities	8,900,277	2,010,933	43,205	7,575,959	18,530,374
Operating income from external customers	68,321	534,771	273,179	54,088	930,359
Inter-segment operating income / (loss)	180,467	(190,375)	2,569	7,339	-
Total operating income	248,788	344,396	275,748	61,427	930,359
Impairment charge for credit losses, net	5,449	19,638	-	-	25,087
Impairment of other financial assets	-	-	-	10,281	10,281
Depreciation	29,569	4,459	15,537	5,604	55,169
Total operating expenses net of minority interests	200,801	110,168	196,054	109,225	616,248
Net income / (loss)	47,987	234,228	79,694	(47,798)	314,111

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2009 AND 2008 (continued)

10. SHARE CAPITAL AND DIVIDENDS

- a) The authorized, issued and fully paid share capital of the Bank consists of 300 million shares of SR 10 each (December 31, 2008: 300 million shares of SR 10 each; September 30, 2008: 300 million shares of SR 10 each).

During 2008, a bonus issue of 75 million share of SR 10 each (one share for every three shares held) was approved by the shareholders in their extraordinary general assembly meeting held on April 16, 2008 for holders of record as of that date. The Bank obtained the regulatory approval in this respect and the bonus shares were issued on April 19, 2008.

- b) On January 6, 2009, the Board of Directors proposed a gross dividend for the year 2008 of SR 170.1 million, which was approved by the shareholders in their annual general assembly meeting held on April 19, 2009.

On December 10, 2007, the Board of Directors proposed a gross dividend for the year 2007 of SR 135 million, which was approved by the shareholders in their annual general assembly meeting held on April 16, 2008.

11. CAPITAL ADEQUACY

The Bank's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Bank's ability to continue as a going concern and to maintain a strong capital base.

The Bank monitors the adequacy of its capital using the ratios and weights established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its balance sheet assets and commitments at a weighted amount to reflect their relative risk. SAMA requires the bank to hold the minimum level of the regulatory capital and maintain a ratio of total regulatory capital to the risk-weighted asset at or above the agreed minimum of 8%.

	Capital Adequacy Ratio	
	September 30, 2009 % (Unaudited)	September 30, 2008 % (Unaudited)
Core capital (Tier 1)	17.41	21.28
Core and supplementary capital (Tier 1 and Tier 2)	17.93	21.90