

Bank Credit Analysis

Moody's Global Banking

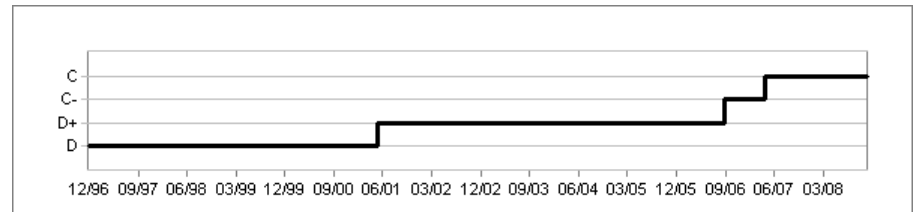
November 2008

Al Rajhi Bank

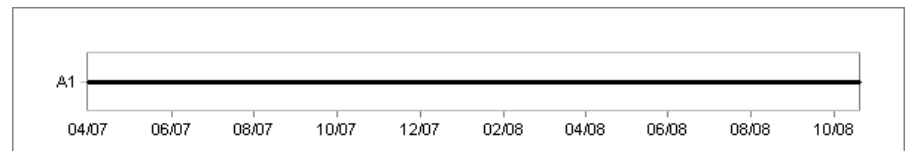
Riyadh, Saudi Arabia

Summary Rating Rationale

Rating history – Bank Financial Strength Rating



Rating history – Long-Term Deposit Rating



Moody's assigns a bank financial strength rating (BFSR) of C to Al Rajhi Bank (Al Rajhi). The rating is supported by the bank's strong and defensible domestic franchise and sound core financial performance. Al Rajhi is the largest fully fledged Shari'ah-compliant financial institution globally and one of the very few mass-market banks in Saudi Arabia: as such, it has a strong, stable and loyal customer base, particularly as regards the collection of non-remunerated deposits. Such a competitive advantage in terms of very low funding costs, as well as its deep-rooted entrenchment in the lucrative retail-banking line of business largely explains why Al Rajhi has outperformed domestic and regional peers in terms of profitability in the long term.

However, these strengths are counterbalanced by the bank's high credit concentrations, rapid credit growth (which may overstate the quality of the new asset production, especially in lending), the increasingly competitive nature of the Islamic banking industry in Saudi Arabia and by the uncertainties related to the bank's ambitious expansion plans overseas, a field in which Al Rajhi has limited experience despite its recent relative success in Malaysia. For reference, the assigned BFSR is in line with the outcome of Moody's bank financial strength scorecard.

Table of Contents:

Summary Rating Rationale	1
Group Structure	2
Analysis of Rating Considerations	3
Discussion of Qualitative Rating Drivers	3
Franchise Value	3
Risk Positioning	5
Operating Environment	7
Discussion of Quantitative Rating Drivers	8
Profitability	8
Liquidity	8
Capital Adequacy	9
Efficiency	9
Asset Quality	10
Discussion of Support Considerations	10
Company Annual Statistics	12
Moody's Related Research	19

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This Bank Credit Analysis provides an in-depth discussion of credit rating(s) for Al Rajhi Bank and should be read in conjunction with Moody's most recent Credit Opinion and rating information available on Moody's website. [Click here to link.](#)



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Al Rajhi Bank

All of the bank's ratings carry a stable outlook, reflecting our expectations that Al Rajhi will retain its leading market position in retail banking, further enhance its entrenchment into commercial and corporate financing, increasingly strengthen its operating diversification, especially in the asset management business line, and ultimately protect its resilient financial performance.

The BFSR could improve if the bank continues to materially strengthen its risk culture down to the operating level of business lines, especially in view of its foray into foreign markets, reduces the concentration risks attached to the corporate banking portfolio, enhances its operating diversification out of pure lending, further addresses maturity mismatches with longer-term funding and proves successful in its overseas expansion plans. As these scenarios are expected to materialise only in the long run, we expect Al Rajhi's ratings to remain stable in the medium term.

The bank's BFSR could be lowered if the rapid credit growth were to exert excessive pressure on Al Rajhi's capital position, asset quality were to weaken, the foreign expansion were to become too heavy a burden, or if the bank's reputation were to be damaged. The likelihood of these scenarios occurring is low and do not constitute our base-case assumption for the future direction of Al Rajhi's ratings.

The bank's global local currency (GLC) deposit rating of A1 is based on its BFSR of C (which translates into a baseline credit assessment – BCA – of A3) and Moody's judgement that there is a very high probability of systemic support from the Saudi Arabian authorities in case of need. As a result, Al Rajhi's GLC deposit rating receives a two-notch uplift from the bank's BCA. Please see the section Discussion of Support Considerations below for a detailed rationale.

Group Structure

The origins of Al-Rajhi Bank date back to the mid-1900s when four Al-Rajhi brothers started a bullion arbitrage and money-changing business. In 1978, they amalgamated their (by then separated) money-changing operations under Al-Rajhi Trading and Exchange Corporation, which in 1987 obtained a banking licence and took its present form. Al Rajhi Bank is controlled by the founding Al-Rajhi family, with several members owning approximately 46% of the share capital; Saudi Arabia's Social Insurance Corporation owns an additional 9.9%. The bank is listed on the Saudi Stock Exchange.

Al Rajhi is a fully fledged Islamic bank that provides wholesale, retail and commercial banking, and investment services. The bank is particularly strong in retail banking (serving both mass market and top-tier clients), in the remittance market (where it is the dominant player with a market share of >50%) and in serving the small and medium-sized enterprises (SME) market. The establishment of Al Rajhi Bank Malaysia in early 2007 was the management's first major international venture; the Malaysian subsidiary already operates 13 branches and this number will rise to 50 within three years.

Key Issues

Shift towards slower profit growth

For the 12 months to December 2007, the bank's bottom-line profits were down by 11.7% to SAR6.45 billion (US\$1.714 billion) on the back of a sharp decline in fees from brokerage operations. This was largely expected and is incorporated into our analysis of Al Rajhi's core profitability. Core banking operations continue to perform well, with net intermediation income up by 13% to SAR7.7 billion in 2007. Total assets increased by 18% to SAR124.9 billion (US\$33.2 billion) over that year, and grew by another 31% during the first three quarters of 2008. This emphasises the fact that the new assets booked on Al Rajhi's balance sheet incrementally carried a lower yield than in previous years, reflecting the bank's shift towards a less profitable and more volume-driven corporate banking strategy at a time when opportunities in the lucrative retail banking arena – Al Rajhi's main business line until now – are slowly becoming less widely available.

Strengthening risk management

In a period of relatively calm credit markets in Saudi Arabia, Al Rajhi has taken the positive step of materially strengthening its risk management policies, procedures, tools and culture. Its risk management function has

Al Rajhi Bank

been considerably enhanced in size, scope and stature within the organisation, and now compares favourably with that of peers. Overall, Al Rajhi financial performance in 2007 can be considered steady, as very limited amounts of non-recurring income and expenses were recognised in the year, as opposed to the 2005-06 period, when revenues were overstated, obscuring market-driven earnings.

Enhanced corporate banking

As an Islamic retail bank mainly focusing on its large domestic market, Al Rajhi has been naturally protected against imported credit turmoil. A couple of years ago, Al Rajhi started to enhance its corporate banking capabilities, with an emphasis on plain vanilla transactional business, which is now bearing fruit. The conjunction of these two strategic advantages led the bank to record a 60% increase in its lending portfolio during the first nine months of 2008, the main driver of the bank's 31% balance sheet growth. Funding costs have remained under control, reflecting Al Rajhi's capacity to still attract deposits at very competitive rates, the bank's main competitive edge. To grow volumes, Al Rajhi has given up some asset yield, driving margins downward, which also signals a higher proportion of corporate lending in its books. The price to pay for increasing market shares is a lower return on assets (ROA), reaching a still very strong annualised 4.7% compared with 5.6% in 2007, and a slightly declining return on equity (ROE), standing at an annualised 26.6%, compared with 27.3% in 2007. Unsurprisingly, fast-growing lending volumes have been achieved at the expense of liquidity, with core liquidity ratios declining to 11.7% as of 30 September 2008, compared with an average of 28% from 2005-07. That said, the stability of Al Rajhi's deposit base has been tested, and appears strong: the bank can afford to increase loan leverage, and is not expected to further drive down its current liquidity position.

Analysis of Rating Considerations

Discussion of Qualitative Rating Drivers

Franchise Value

Al Rajhi enjoys a strong and defensible local franchise

With total assets of SAR163.3 billion (US\$43.6 billion) as of 30 September 2008, Al Rajhi is among the four largest banks in Saudi Arabia and the biggest Islamic bank globally. Many devout Muslims consider Al Rajhi to be the most 'acceptable' bank to deal with, while its strong franchise is also evident in its ability to attract low-cost deposits (approximately 80% of its deposits are non-interest bearing) and its leading market share position in retail banking. The bank has also set up operations in Malaysia, but we believe it will take some time until foreign operations contribute a material proportion to the bank's earnings.

■ Market Share and Sustainability

Strong market position and growing market share underpinned by its status as the biggest Islamic bank in the region

We believe that Al Rajhi has a strong business franchise not only because it is the third-largest bank with about a 12% share of Saudi Arabia's total banking assets, but also because it fully operates on the principles of Islamic banking. Although all Saudi banks now offer Islamic banking products, many devout Muslims consider Al Rajhi to be the most 'acceptable' bank to deal with, because of the perception that it is the only 'purely Islamic bank' in Saudi Arabia.

Given that Al Rajhi is one of the few fully fledged Shari'ah-compliant financial intermediaries in the kingdom, it has a competitive advantage over many of its domestic peers in serving predominantly the retail segment, as a mass-market player. Being less selective in segmenting its market, Al Rajhi has managed to attract about 3 million customers, a level that has proved to be stable and profitable despite the high costs attached to running a network with in excess of 400 branches.

Such an exceptionally strong franchise results in non-remunerated deposits making up more than 80% of total customer deposits. With a funding cost of about 85 basis points in 2007, Al Rajhi's profitability is built

Al Rajhi Bank

on a particularly strong business model that fully exploits the value of the specific retail-banking market in Saudi Arabia. Al Rajhi's strong franchise in retail banking, especially through installment sales (i.e. consumer loans), which account for about 50% of total lending, provides a very appealing risk-return trade-off. Indeed, the vast majority of credit exposures are based on salary assignments, with borrowers often employed in the public sector, which drives the cost of risk at very manageable levels by international standards.

As expected, a slowdown in the growth of consumer loans occurred in 2007, following the recent guidelines of the Saudi Arabian Monetary Agency (SAMA) aimed at restricting the expansion in household leverage. We consider SAMA's proactive behaviour in curbing the spectre of a retail credit bubble as a positive factor for Al Rajhi – and its Saudi peers at large – as it will give the bank time to digest the dramatic surge in credit experienced over the past four years. Credit growth is now strong again, as shown by the 60% increase of the bank's lending portfolio between December 2007 and September 2008.

Simultaneously, in line with a strategic shift initiated over the past two years, management aims to further enhance its corporate banking franchise and entrench in investment banking (which includes brokerage, asset management and corporate finance); it already achieved some success in these objectives in 2007, albeit from a low base. Notably, the bank's investment banking arm, Al Rajhi Financial Services Company, was licensed in March 2008, holds a SR50 million capital, carries SR6.3 billion of assets under management through 16 funds, employs 400 staff and expects to achieve SR500 million in net profits in 2008.

In the future, Al Rajhi is also well positioned to take advantage of growth opportunities in a new and still underexploited retail segment, i.e. mortgages, as an alternative source of growth to compensate for the slowdown in the more conventional customer loans segment. However, this is very much dependent on the conditions under which the long-expected mortgage law will be passed and implemented, an event that should probably occur by year-end 2008. The law will not by itself conjure up a genuine mortgage market in Saudi Arabia, as a number of economic and social uncertainties remain as regards loan foreclosure and asset realisation in a deeply Muslim country.

■ Geographic Diversification

Despite the bank's recent expansion into Malaysia, its earnings are still almost exclusively dependent on its Saudi operations

Al Rajhi's geographic diversification is relatively weak as it derives almost all of its earnings from its operations in Saudi Arabia, which we consider to be a 'large' market, although its economy is still not well-diversified. Saudi Arabia is the world's largest oil producer, holding nearly one-quarter of the world's proven oil reserves. Even though this, by itself, is a positive rating driver, the fact remains that the country's economy remains sensitive to government spending and to oil price fluctuations, with oil revenues accounting for in excess of 85% of export receipts, 75% of government revenues and 40% of nominal GDP. Therefore, any significant and prolonged decline in oil prices has deep, long-term negative impacts on economic performance and on the banking system in general.

Despite the huge potential within Saudi Arabia, the bank's management has also acknowledged the need for international expansion, and seeks to leverage its Islamic banking expertise by exploring international expansion opportunities in countries with Muslim populations, as well as leading private and corporate customers looking for international support in Muslim and GCC countries. The creation of Al Rajhi's wholly owned subsidiary in Malaysia, where it already operates 20 branches, has started to bring some geographic diversification to the bank's business model and revenues. However, the success of such a venture will ultimately depend on the bank's ability to capture a material portion of the Malaysian retail market, while deploying sufficiently conservative and sound risk management systems in a market far more competitive than that of Saudi Arabia. We understand that Al Rajhi has more ambitious plans for overseas expansion, which are currently being reviewed by management and the board: while Al Rajhi is expected to retain full control over the international outlets to be deployed in other Muslim countries, the bank has a limited track record of running a wider spectrum of foreign operations, and therefore might face risk categories it is not used to managing.

Al Rajhi Bank

■ Earnings Stability

Al Rajhi's retail operations are the biggest contributor to earnings

In general, Moody's considers retail and small business banking, asset management and fiduciary/transaction servicing income to be relatively stable, while we view wholesale banking, mid-market banking and insurance to be relatively volatile. Approximately two-thirds of the bank's earnings originate from its retail banking operations, with the balance derived from its corporate banking activities, investment banking and treasury operations. Instalment sales (i.e. consumer loans) make up approximately 50% of total lending, and these provide good risk return characteristics, given that the vast majority is salary-assigned and hence low-risk. Following SAMA's new guidelines aimed at restricting growth in this area, some slowdown occurred in 2007, but we consider this a positive factor for Al Rajhi: it has allowed the bank to digest the significant expansion experienced since the beginning of the decade, and prepared it for further balanced growth between corporate and retail customers. At the same time, management aims to take advantage of growth opportunities in auto loans and mortgages, and in this way compensate for the slowdown in the more conventional consumer loans.

Some earnings volatility will, however, arise from the volatility in fee income, which mostly comprises brokerage fee income and depends on the local stock market's trading volumes, which do fluctuate significantly. We also expect a higher earnings contribution from the bank's corporate banking division, which has recently been revamped in an effort to position itself to take advantage of opportunities arising from the strong macro conditions and upcoming large infrastructure projects.

■ Earnings Diversification

Good diversification by business line

Al Rajhi Bank follows a universal banking business model as it provides a broad range of banking products and services to its corporate and retail clients. As such, Al Rajhi is not a mono-line institution.¹

Risk Positioning

Al Rajhi's risk positioning is compromised by high credit concentrations, but the bank's enterprise risk management architecture has been considerably strengthened

Al Rajhi's risk positioning is weakened by high concentration risks. This is especially the case in terms of credit exposures, and more precisely in the corporate banking book – an issue faced by the vast majority of Saudi banks. However, the bank's retail portfolio is relatively granular. As the domestic economy is dominated by a relatively small number of large corporate groups, concentration by name and sector is a constraint for the banking system as a whole, and is expected to remain so in the medium term. In addition, despite a nascent international expansion, Al Rajhi remains a domestic player, very much dependent on the kingdom's economic cycle. On the other side of the balance sheet, concentration risks are more limited, as the dominant share of funding sources is extracted from the retail market, diversified by definition. Unlike some of its domestic and regional peers, Al Rajhi does not rely on a limited number of wholesale customers. The bank's risk management architecture and culture have materially improved over the past two years.

The shareholding structure is also concentrated, in light of the Al Rajhi family's controlling stake in the bank, which is not the most ideal environment for optimal corporate governance architecture to emerge. However, under the auspices of SAMA, the bank's majority shareholders and its proactive senior management team, Al Rajhi has considerably strengthened its compliance function, corporate governance infrastructure and risk management framework over the past 12 months.

Concentration risks are a fact of life in Saudi Arabia, and are expected to be captured through additional capital charges under Al Rajhi's imminent implementation of Basel II's pillar 2 guidelines as interpreted by SAMA. Market risks are limited and operational risks appear to be sufficiently scrutinised.

¹ We consider a bank to be mono-line when more than 80% of its net income comes from a single business line.

Al Rajhi Bank

■ Corporate Governance

A family-controlled bank with some related-party exposures

The Al Rajhi family has a 46% controlling shareholding in the bank, while also controlling the board of directors, with six of the 11 board members being family members, including both the chairman of the board & managing director and the CEO. The current composition of the board could make independent oversight difficult, while the low board independence may also increase the bank's risk profile, especially given the existence of sizeable related-party loans. That said, management maintains that related-party lending is performed at arm's length and purely on commercial terms (and in line with SAMA regulations).

Despite the recruitment of experienced bankers in recent years to help implement the bank's expansionist strategy, increased demands for banking and financial services together with overseas expansion place additional pressure on its existing human infrastructure and impose additional requirements. However, the bank's ability to attract, train and maintain additional skilled staff with the relevant Islamic banking experience could represent a challenge as they are considered a scarce resource during such booming times in the Middle East.

■ Controls & Risk Management

Improved risk management infrastructure and culture

Al Rajhi's risk and credit management department undertakes the bank's risk management function, and monitors credit, market and operational risks. It is independent of the business units and reports directly to the CEO. Credit risk is monitored by an independent credit risk management unit, which is responsible for the credit approval process, compliance with the credit policies and procedures, validation of risk ratings, sector and large exposure limits, and the use of collateral including salary assignments for consumer lending. Risk management practices are being developed in a manner consistent with SAMA guidelines and, within the Basel II project framework, advanced risk management models and related systems are in the process of implementation.

Al Rajhi's enterprise risk management is now solid and compares favourably with that of peers. The risk management function, overseen by experienced specialists, is independent, well-staffed and comprehensively covers all relevant standard risk categories across business lines. Al Rajhi's risk appetite is relatively low: the bank engages mainly in plain vanilla intermediation and investment banking, avoiding complex, unfamiliar and exotic transactions, with the exception of a few corporate finance transactions for the largest Saudi firms. Al Rajhi's risk profile is dominated by credit risk, where it has adopted a much more centralised culture in assessing and pricing risk.

■ Financial Reporting Transparency

Adequate financial disclosure

Al Rajhi's financial statements have been prepared in accordance with IFRS and the requirements of SAMA, and were (jointly) audited by PricewaterhouseCoopers and Ernst & Young. The bank reports quarterly, normally within six weeks after the reporting date. Al Rajhi's disclosure is in line with that of its domestic peers, but lags behind the level of disclosures we witness in mature markets, especially with regard to risk management, detailed business line performance and corporate governance. Given the specificities of Shari'ah-compliant banking, Al Rajhi's financial statements are somewhat difficult to decipher and to compare with those of conventional peers.

■ Credit Risk Concentration

High credit concentrations constitute a negative rating driver

In line with other Saudi Arabian banks, Al Rajhi is highly exposed to the sovereign, primarily through *murabaha* placements with the government and balances with SAMA. If we were to add to this the bank's top 19 group exposures to come up with an estimate of the bank's top 20 exposures relative to Tier 1, then

Al Rajhi Bank

this could be quite sizeable. This is a common feature for the rated Saudi banks that significantly constrains their BFSRs. The granularity by industry of the loan portfolio is quite satisfactory given the bank's large instalment sale exposure (i.e. personal loans), which comprises approximately 50% of its total assets. Exposure to banks and other financial institutions (Al Rajhi's biggest sectoral exposure) comprises less than 100% of Tier 1 capital.

■ Liquidity Management

Liquidity management capabilities have been improving

In the past, Al Rajhi's liquidity management has been constrained mainly by its inability, as an Islamic bank, to utilise money markets and to invest in interest-bearing government securities. However, together with SAMA, during 2002 the bank created a new instrument that has similar characteristics to government securities and is compatible with *Shari'ah* laws. By investing in these instruments (in excess of SAR15 billion of its total assets as at September 2008) Al Rajhi improved its liquidity management, as up to 75% of its investment in these instruments can be repo-ed, and up to 75% can be included as part of its statutory deposits with SAMA. Over the past few years, the bank has also strengthened its network of counter-party banks and increased its exposure to *murabaha* placements with other banks, and lengthened the maturity profile of its *murabaha* funding.

■ Market Risk Appetite

Moderate market risk appetite

Al Rajhi's market risk appetite is moderate, in our view. The bank has no major proprietary equity or hedge funds positions, and is primarily exposed to interest rate and foreign currency risk (the bank has a significant 'long' position on the US dollar – but the Saudi riyal has been pegged to the US dollar and was last revalued in 1986). A 2% change in interest rates is estimated to have a 10% impact on Tier 1 capital, while a 10% devaluation of the US dollar and 20% change in other currencies is also estimated to have a 10%-11% impact on Tier 1. Market risk exposures are increasingly and more regularly quantified, however, in terms of risk mitigation, Al Rajhi has less flexibility to use hedging/derivatives instruments used by conventional banks, as these may not be *Shari'ah*-compliant. Therefore, Al Rajhi's preferred way to square any open positions is a plain-vanilla back-to-back approach, probably not the most optimal, but efficient enough to avoid carry any undesired market risk exposure.

Operating Environment

Our credit outlook for the Saudi banking system is positive, on the back of strong macroeconomic fundamentals

Moody's has a positive outlook for the direction of credit conditions in the Saudi banking system. This view is primarily underpinned by the country's robust economic performance, benefiting from oil revenue windfalls, and strengthened government finances, but also the government's commitment to diversification, which has partly been demonstrated by announced infrastructure projects of in excess of US\$350 billion over the next few years. Challenges remain – with inflation now exceeding 10%, geopolitical risks, and an economy that is still dependent on oil revenues and hence displays considerable volatility – but the overall impact on the banking sector will, in our view, be positive, at least over the short-to-medium term.

The accommodating operating environment has also allowed Saudi banks to maintain strong financial fundamentals that are commensurate with higher ratings. Although we believe that the banking sector's financial indicators may have peaked in 2006 and 2007 – as they benefited from some non-recurring income/events, such as high brokerage fee income and low provisioning charges – we anticipate that they will remain strong. Over the next two years, we expect the Saudi banking sector to maintain an ROE ratio of above 17%-18%, a cost-to-income ratio of under 45%, a Tier 1 capital ratio of over 10%, a non-performing loans ratio (NPLs) of under 4%, and comfortable liquidity reserves.

The ten Saudi banks rated by Moody's also have established and defensible local franchises, partly reflecting their dominance in the sector (accounting for approximately 95% of total banking assets) and their success in

Al Rajhi Bank

penetrating under-developed and under-banked segments of the market, including the profitable retail banking business and Shari'ah-compliant Islamic banking services, while they are well-placed to potentially capitalise on the upcoming mortgage law. In recent years, we have also witnessed improvements in their risk management culture – aided by Basel II implementation earlier this year – as well as a moderate risk appetite, which is one of the reasons for Saudi banks' relatively low exposure to sub-prime/structured products.

We are, however, mindful that certain structural factors cap the upside potential of the Saudi banks' ratings. These include concentrations in lending and deposits, mismatches in the maturity profile of assets and liabilities, the lack of geographic diversification, scarce human capital, the economy's still limited diversification beyond the hydrocarbon sector and volatility in the country's real and nominal output, and strong loan growth in recent years that has not yet matured or been tested under more challenging operating conditions.

For a comprehensive discussion of the operating and regulatory environment, please refer to Moody's latest Banking System Outlook and Profile on Saudi Arabia, both published in July 2008.

Discussion of Quantitative Rating Drivers

Profitability

Al Rajhi's strong profitability ratios represent a positive rating driver

Al Rajhi's spectacular profit rates result from the combination of a number of factors: low funding costs, good control over operating expenses, a robust market position in the lucrative and low-risk domestic retail market, relatively high credit leverage and no corporate taxes.

Al Rajhi has the largest distribution network in Saudi Arabia, which gives it an exceptionally strong mass deposit-gathering ability. In addition, as an Islamic bank, it extracts very cheap funding from its retail franchise: with 80% of its liabilities in the form of unremunerated deposits, funding costs were only 85 basis points in 2007.

Along with a cost-to-income ratio of 26% in 2007, Al Rajhi has a strong grasp of its operating expenses through the cycle. This also reflects limited risk costs: given that its credit portfolio is dominated by relatively safe retail exposures, provision charges have consumed only an average of 6% of pre-provision income over the past three years.

Finally, with gross credit exposures making up 71% of total assets at year-end 2007, Al Rajhi displays higher credit leverage than domestic and regional peers: in the trade-off between profitability and liquidity, Al Rajhi's balance sheet is more skewed towards higher-yielding, but also less liquid, credit exposures: the bank indeed believes that a large portion of its deposit base, although retail-based, is sufficiently sticky in the long term, which makes it unnecessary for it to overload its balance sheet with an excessive proportion of liquid assets.

As a result, Al Rajhi recorded an ROA of 5.6% and an ROE of 27.3% in 2007, a very sound performance even by regional standards, which includes very limited amounts of non-recurring earnings, as opposed to the 2005-06 period, when brokerage fees inflated profitability ratios.

For the first nine months of 2008, funding costs remained under control, reflecting Al Rajhi's capacity to still attract deposits at very competitive rates. To grow volumes, Al Rajhi has given up some asset yield, driving margins downward. The price to pay for increasing market shares is a lower ROA, reaching a still very strong annualised 4.7% compared with 5.6% in 2007, and a slightly declining ROE, standing at an annualised 26.6%, compared with 27.3% in 2007.

Liquidity

Adequate liquidity position, despite large maturity mismatches in its assets and liabilities

Al Rajhi's liquidity position remains adequate, although declining in 2008. Liquidity management is not an easy task for Islamic banks: most instruments used for liquidity management, on either the money market or the securities market, are based on interest, which is unlawful as per the principles of Shari'ah-compliant finance.

Al Rajhi Bank

Therefore, Al Rajhi's investment portfolio remains small compared with core money-market, *murabaha*-based placements and credit exposures. SAMA has designed an ad-hoc tool (included in Al Rajhi's *mutajara* book) that replicates the behaviour of repo-able government bonds, and which we classify as fixed-income, Shari'ah-compliant securities. On the other side of the balance sheet, Al Rajhi's funding continuum remains somewhat imbalanced: apart from a very large pool of customer deposits, the bank has no market funding other than a US\$500 million three-year syndicated *murabaha* financing.

Although we fully acknowledge that a large proportion of customer deposits have been very stable over time, our opinion is that Al Rajhi, like all of its Islamic peers, is not immune from reputation risk, against which longer-term funding sources are of some benefit in reducing the risks attached to bank runs. In addition, longer-term funding would support foreign expansion and help address both the issue of widening maturity mismatches and the risk of increasing income sensitivity to margin shocks.

Unsurprisingly, fast-growing lending volumes have been achieved at the expense of liquidity, with core liquidity ratios declining to 11.7% as of 30 September 2008, compared with an average of 28% from 2005-07. That said, the stability of Al Rajhi's deposit base has been tested and appears strong: the bank can afford to increase loan leverage and is not expected to further drive down its current liquidity position.

Capital Adequacy

Robust capital adequacy that supports business growth and could absorb unexpected losses

Al Rajhi's capitalisation is strong. Regulatory capital ratios remain well above the minimum requirements, with a Tier 1 capital ratio of 23.6% at year-end 2007 and 18.6% at 30 September 2008 (the decrease being attributable to fast credit growth in 2008). Capital ratios also reflect the very high quality of Al Rajhi's equity base, with a marginal contribution of non-core capital to the bank's equity.

At this stage, Al Rajhi has ample capital to support its business growth, both in the kingdom and overseas, where organic, prudent and balanced expansion is the preferred option. More than sufficient capital is available to absorb any unexpected losses should the need arise.

Going forward, we expect the capital adequacy ratios to remain robust, but to gradually decline as a result of the joint effect of two simultaneous developments: on the one hand, the implementation of Basel II in Q4 2008 is expected to include, as per SAMA's guidelines, additional capital charges for pillar 2 risks, especially concentration risks, margin rate risk in the banking book and macroeconomic risks; and, on the other hand, as the bank expands domestically and internationally, equity growth might not be able to match the current expectation for rapid increases in risk-weighted assets. The bank has prepared for this scenario and reduced its dividend payout ratios in recent years, in order to build additional capital cushions internally.

Efficiency

Al Rajhi's strong efficiency indicators are one of the bank's main strengths

Despite its extensive network, Al Rajhi's cost-to-income ratio was a low 26% in 2007, which compares very favourably with that of domestic and regional peers. The recent deterioration in the bank's efficiency indicators was largely expected given the recognition of unsustainable income in the revenue streams generated over the 2005-06 period. However, the current cost-to-income ratio is in line with the levels displayed pre-2005.

Although efficiency is robust at Al Rajhi, mainly due to relatively low labour costs, we have identified two weaknesses. On the one hand, given the limited use of variable components in compensation, costs tend to be sticky and of low flexibility across the cycle. On the other hand, we expect costs to grow faster than revenues in the medium term: indeed, Al Rajhi's shift towards corporate banking should drive margins down, at a time when foreign expansion, further risk management upgrades and forays into still underdeveloped business lines (such as investment banking) might give rise to additional expenses. However, although slightly on the rise, efficiency ratios should remain among the most competitive in the country and the region as a whole.

Al Rajhi Bank

Asset Quality

Adequate asset quality, likely to show signs of deterioration in less robust operating conditions, but paradoxically short-term improvements

The quality of Al Rajhi's assets is adequate. Its non-performing loan ratios have deteriorated consistently over the past four years, rising to a moderate 3.5% at year-end 2007, after a sharp decline in 2004. Given that Al Rajhi used to be heavily exposed to various forms of margin lending and credit against shares, the spectacular correction of the Saudi equity market that started in March 2006 was expected to contaminate the bank's credit portfolio, especially in its retail and commercial/SME components. Relative to its domestic peers, Al Rajhi displays lower asset quality indicators, partly reflecting its focus on catering for the needs of the retail mass-market. As most NPLs at Al Rajhi are old, a more active clean-up of the portfolio would lead to a material drop of NPL ratios that would be more in line with those of peers, and better reflect the bank's genuine quality of assets.

In the longer term, however, when the operating macroeconomic environment and credit portfolios mature, we would expect some further deterioration in asset quality to arise from the recent aggressive loan growth, as a result of which the bank's credit portfolio will have doubled between 2004 and 2008.

Discussion of Support Considerations

Very high probability of systemic support is factored into Al Rajhi's deposit ratings

Under Moody's joint default analysis, Al Rajhi's GLC deposit rating of A1 is based on its BFSR of C, which translates into a BCA of A3 (see Exhibit on the next page), and on Moody's judgment that there is a very high probability that the Saudi Arabian authorities and SAMA would support the bank in a period of financial distress. As a result of this support assessment and the Aa3 local-currency deposit ceiling of the underlying support provider, Saudi Arabia, the bank's GLC deposit rating receives a two-notch uplift from its BCA.

We continue to believe that the Saudi authorities would do anything in their power to prevent a banking default on the part of any of the Saudi banks, as social considerations are a top priority for the government, which would not want to see any depositor losing money. Even though there is no pre-defined methodology of bank support, in the past, banks facing difficulties have been aided, either through regulatory forbearance or by a capital injection from state-owned bodies. In addition to the social considerations, we note that Al Rajhi is the biggest Islamic bank globally and commands a 12% market share of deposits – these factors would impose additional incentives on the authorities to support the bank if this were required. Moody's views Saudi Arabia as a high support country.

Notching Considerations: Ratings for Al Rajhi Bank's junior obligations should be notched off the fully supported deposit rating because Moody's believes that there is no legal authority in place in Saudi Arabia to impose losses on subordinated creditors outside of a liquidation scenario.

Al Rajhi Bank

Mapping the BFSR to the Baseline Credit Assessment (BCA)

The discussion of qualitative and quantitative rating drivers presented in this report forms the analytical basis for assigning a bank financial strength rating (BFSR) of C to Al Rajhi.

BFSRs are Moody's opinions on the intrinsic safety and soundness of a bank enterprise and, in effect, address the susceptibility of a particular institution to financial distress.

The BFSR array of ratings is not on Moody's traditional rating scale (Aaa, Aa, etc.). There is a useful method, however, for translating BFSR's to Moody's traditional scale - the BCA. In effect, the BCA measures a bank's stand-alone default risk assuming there is no systemic or other external support.

Al Rajhi's C BFSR maps to a BCA of A3, yet, considering external support factors, its deposit ratings are A1.

BFSR/Baseline Credit Assessment Mapping for Al Rajhi Bank	
BFSR	Baseline Credit Assessment (BCA)
A	Aaa
A-	Aa1
B+	Aa2
B	Aa3
B-	A1
C+	A2
C	A3
C-	Baa1
C-	Baa2
D+	Baa3
D+	Ba1
D	Ba2
D-	Ba3
E+	B1
E+	B2
E+	B3
E	Caa1
E	Caa2
E	Caa3

Al Rajhi Bank

Company Annual Statistics

Al-Rajhi Bank

09/30/2008 12/31/2007 12/31/2006 12/31/2005 12/31/2004

Summary Balance Sheet in Millions of SAUDI RIYAL

Cash & Central Bank	18,248	13,141	9,244	8,683	8,796
Due from Banks	920	8,683	13,100	6,062	827
Government Securities	0	11,505	9,039	11,037	23,830
Trading Securities	0	0	0	0	0
Investment Securities	--	156	150	89	105
Other Liquid Assets	0	0	0	0	0
Gross Investments	135,973	88,319	71,215	68,002	43,798
Investment Loss Reserves (LLR)	--	-3,414	-2,769	-2,756	-3,211
Net Investments	135,973	84,906	68,446	65,246	40,586
Equity in Affiliates	0	0	0	0	0
Fixed Assets	2,827	2,591	1,977	1,364	950
Other Assets	5,288	3,905	3,254	2,558	2,760
Total Assets	163,256	124,886	105,209	95,038	77,855
Total Assets (USD millions)	43,593	33,348	28,093	25,377	20,789
Customer Deposits	118,272	89,725	73,398	70,112	60,914
Due to Banks	6,261	2,593	3,473	3,435	1,053
Borrowings	1,875	1,875	1,875	0	0
Other Liabilities	11,239	7,087	6,283	8,022	5,704
Total Liabilities	137,648	101,280	85,029	81,569	67,670
Subordinated Loan Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Supplementary Capital	0	0	0	0	0
Shareholders' Equity	25,608	23,606	20,179	13,469	10,185
Total Capital Funds	25,608	23,606	20,179	13,469	10,185
Total Liabilities & Capital Funds	163,256	124,886	105,209	95,038	77,855
Derivatives - Notional Amount	--	--	--	--	--
Derivatives - Replacement Value	--	--	--	--	--
Risk Weighted Assets (RWA)	--	100,269	79,715	73,909	45,307
Contingent Liabilities	22,746	18,729	10,902	11,259	8,187

Al Rajhi Bank

AI-Rajhi Bank

	09/30/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Income Statement in Millions of SAUDI RIYAL					
Profit Sharing	6,873	8,583	7,658	5,951	4,141
Depositors' Profit Sharing	-566	-861	-832	-274	-6
Net Profit Sharing	6,307	7,722	6,826	5,677	4,135
FX Income	374	471	390	361	243
Trading Income	0	0	0	0	0
Fees & Commissions	1,109	981	1,563	1,312	670
Other Operating Income	117	148	730	401	138
Total Non Profit Sharing Income	1,599	1,599	2,684	2,074	1,051
Operating Income	7,906	9,321	9,510	7,751	5,186
Personnel Expenses	-1,246	-1,451	-1,119	-791	-651
Other Operating Expenses	-628	-689	-652	-635	-584
Operating Funds Flow	6,032	7,181	7,738	6,325	3,951
Amortisation / Depreciation	-276	-288	-184	-156	-155
Total Non Depositors' Profit Sharing Expense	-2,150	-2,428	-1,955	-1,582	-1,390
Preprovision Income (PPI)	5,756	6,893	7,555	6,169	3,796
Investment Loss Provisions Expenses (ILPE)	-655	-443	-253	-536	-860
Non Operating Income	0	0	0	0	0
Pretax Income	5,101	6,450	7,302	5,633	2,936
Taxes	0	0	0	0	0
Net Income	5,101	6,450	7,302	5,633	2,936
Minority Interests	0	0	0	0	0
Net Income (Group share)	5,101	6,450	7,302	5,633	2,936
Dividends	-2,550	-2,700	-450	-2,925	-1,575
Transfers to Capital Reserves	-2,551	-3,750	-6,852	-2,708	-1,361
Other Adjustments	0	0	0	0	0

Al Rajhi Bank

Al-Rajhi Bank

	09/30/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Summary Balance Sheet - Growth (%)					
Cash & Central Bank	38.86	42.16	6.46	-1.29	54.75
Due from Banks	-89.41	-33.71	116.11	632.87	3.86
Government Securities	--	27.28	-18.10	-53.68	-2.91
Trading Securities	--	--	--	--	--
Investment Securities	--	3.50	69.36	-15.56	5.93
Other Liquid Assets	--	--	--	--	--
Gross Investments	53.96	24.02	4.72	55.26	35.39
Investment Loss Reserves (LLR)	--	23.27	0.48	-14.18	18.06
Net Investments	60.15	24.05	4.90	60.76	36.98
Equity in Affiliates	--	--	--	--	--
Fixed Assets	9.10	31.09	44.89	43.55	6.66
Other Assets	35.44	20.01	27.22	-7.34	-9.03
Total Assets	30.72	18.70	10.70	22.07	20.37
Total Assets (USD)	30.72	18.70	10.70	22.07	20.37
Customer Deposits	31.82	22.24	4.69	15.10	19.37
Due to Banks	141.47	-25.34	1.13	226.29	64.76
Borrowings	0.00	0.00	--	--	--
Other Liabilities	58.58	12.80	-21.68	40.65	-1.03
Total Liabilities	35.91	19.11	4.24	20.54	17.83
Subordinated Loan Capital	--	--	--	--	--
Minority Interest	--	--	--	--	--
Supplementary Capital	--	--	--	--	--
Shareholders' Equity	8.48	16.98	49.82	32.25	40.50
Total Capital Funds	8.48	16.98	49.82	32.25	40.50
Total Liabilities & Capital Funds	30.72	18.70	10.70	22.07	20.37
Derivatives - Notional Amount	--	--	--	--	--
Derivatives - Replacement Value	--	--	--	--	--
Risk Weighted Assets (RWA)	--	25.78	7.85	63.13	52.76
Contingent Liabilities	21.45	71.79	-3.17	37.52	-66.82

AI Rajhi Bank

AI-Rajhi Bank

09/30/2008 12/31/2007 12/31/2006 12/31/2005 12/31/2004

Summary Income Statement - Growth (%)

Profit Sharing	6.76	12.08	28.69	43.71	36.97
Depositors' Profit Sharing	-12.38	3.50	204.15	4,549.19	--
Net Profit Sharing	8.90	13.12	20.24	37.30	36.78
FX Income	5.94	20.64	8.14	48.80	29.90
Trading Income	--	--	--	--	--
Fees & Commissions	50.73	-37.27	19.13	95.92	132.08
Other Operating Income	5.17	-79.76	82.09	189.55	-78.33
Total Non Profit Sharing Income	33.33	-40.41	29.39	97.38	-5.71
Operating Income	13.09	-1.99	22.69	49.48	25.33
Personnel Expenses	14.47	29.67	41.48	21.46	3.87
Other Operating Expenses	21.61	5.57	2.72	8.84	31.84
Operating Funds Flow	11.99	-7.20	22.34	60.10	28.78
Amortisation / Depreciation	27.53	56.80	17.85	0.68	-5.84
Total Non Depositors' Profit Sharing Expense	18.04	24.18	23.59	13.85	12.61
Preprovision Income (PPI)	11.34	-8.76	22.45	62.52	30.74
Investment Loss Provisions Expenses (ILPE)	97.16	75.44	-52.86	-37.68	-0.61
Non Operating Income	--	--	--	--	--
Pretax Income	5.45	-11.67	29.62	91.88	44.05
Taxes	--	--	--	--	--
Net Income	5.45	-11.67	29.62	91.88	44.05
Minority Interests	--	--	--	--	--
Net Income (Group share)	5.45	-11.67	29.62	91.88	44.05

Balance Sheet - % of Total Assets

Cash & Central Bank	11.18	10.52	8.79	9.14	11.30
Due from Banks	0.56	6.95	12.45	6.38	1.06
Government Securities	--	9.21	8.59	11.61	30.61
Trading Securities	--	--	--	--	--
Investment Securities	--	0.12	0.14	0.09	0.13
Other Liquid Assets	--	--	--	--	--
Gross Investments	83.29	70.72	67.69	71.55	56.26
Investment Loss Reserves (LLR)	--	-2.73	-2.63	-2.90	-4.12
Net Investments	83.29	67.99	65.06	68.65	52.13
Equity in Affiliates	--	--	--	--	--
Fixed Assets	1.73	2.07	1.88	1.44	1.22
Other Assets	3.24	3.13	3.09	2.69	3.55
Customer Deposits	72.45	71.85	69.76	73.77	78.24
Due to Banks	3.84	2.08	3.30	3.61	1.35
Borrowings	1.15	1.50	1.78	--	--
Other Liabilities	6.88	5.67	5.97	8.44	7.33
Total Liabilities	84.31	81.10	80.82	85.83	86.92
Subordinated Loan Capital	--	--	--	--	--
Minority Interest	--	--	--	--	--
Supplementary Capital	--	--	--	--	--
Shareholders' Equity	15.69	18.90	19.18	14.17	13.08
Total Capital Funds	15.69	18.90	19.18	14.17	13.08

Al Rajhi Bank

AI-Rajhi Bank

09/30/2008 12/31/2007 12/31/2006 12/31/2005 12/31/2004

Income Statement - % of Average Assets

Profit Sharing	6.36	7.46	7.65	6.88	5.81
Depositors' Profit Sharing	-0.52	-0.75	-0.83	-0.32	-0.01
Net Profit Sharing	5.84	6.71	6.82	6.57	5.80
FX Income	0.35	0.41	0.39	0.42	0.34
Trading Income	--	--	--	--	--
Fees & Commissions	1.03	0.85	1.56	1.52	0.94
Other Operating Income	0.11	0.13	0.73	0.46	0.19
Total Non Profit Sharing Income	1.48	1.39	2.68	2.40	1.47
Operating Income	7.32	8.10	9.50	8.97	7.28
Personnel Expenses	-1.15	-1.26	-1.12	-0.92	-0.91
Other Operating Expenses	-0.58	-0.60	-0.65	-0.73	-0.82
Operating Funds Flow	5.58	6.24	7.73	7.32	5.54
Amortisation / Depreciation	-0.26	-0.25	-0.18	-0.18	-0.22
Total Non Depositors' Profit Sharing Expense	-1.99	-2.11	-1.95	-1.83	-1.95
Preprovision Income (PPI)	5.33	5.99	7.55	7.14	5.33
Investment Loss Provisions Expenses (ILPE)	-0.61	-0.39	-0.25	-0.62	-1.21
Non Operating Income	--	--	--	--	--
Pretax Income	4.72	5.61	7.29	6.52	4.12
Taxes	--	--	--	--	--
Net Income	4.72	5.61	7.29	6.52	4.12
Minority Interests	--	--	--	--	--
Net Income (Group share)	4.72	5.61	7.29	6.52	4.12

Income Statement - % of Operating Income

Profit Sharing	86.93	92.08	80.53	76.77	79.85
Depositors' Profit Sharing	-7.16	-9.24	-8.75	-3.53	-0.11
Net Profit Sharing	79.77	82.84	71.78	73.24	79.74
FX Income	4.73	5.05	4.10	4.66	4.68
Trading Income	--	--	--	--	--
Fees & Commissions	14.02	10.52	16.44	16.93	12.92
Other Operating Income	1.47	1.59	7.68	5.17	2.67
Total Non Profit Sharing Income	20.23	17.16	28.22	26.76	20.26
Operating Income	100.00	100.00	100.00	100.00	100.00
Personnel Expenses	-15.76	-15.57	-11.77	-10.20	-12.56
Other Operating Expenses	-7.95	-7.39	-6.86	-8.19	-11.25
Operating Funds Flow	76.29	77.04	81.37	81.60	76.19
Amortisation / Depreciation	-3.49	-3.09	-1.93	-2.01	-2.99
Total Non Depositors' Profit Sharing Expense	-27.19	-26.05	-20.56	-20.41	-26.80
Preprovision Income (PPI)	72.81	73.95	79.44	79.59	73.20
Investment Loss Provisions Expenses (ILPE)	-8.29	-4.76	-2.66	-6.91	-16.59
Non Operating Income	--	--	--	--	--
Pretax Income	64.52	69.19	76.78	72.67	56.62
Taxes	--	--	--	--	--
Net Income	64.52	69.19	76.78	72.67	56.62
Minority Interests	--	--	--	--	--
Net Income (Group share)	64.52	69.19	76.78	72.67	56.62

AI Rajhi Bank

AI-Rajhi Bank

	09/30/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Profitability Indicators					
Return on Average Assets (%)	4.72	5.61	7.29	6.52	4.12
Return on Shareholder's Equity - period end (%)	26.56	27.32	36.18	41.82	28.83
Recurring Earning Power 1	5.33	5.99	7.55	7.14	5.33
PPI (%) Avg Total Capital Funds	31.19	31.48	44.90	52.16	43.55
Depositors' Profit Sharing Expense (%) Profit Sharing Income	8.24	10.03	10.87	4.60	0.14
Profit Sharing Income (%) Avg Profit Sharing Assets 2	7.46	8.49	8.57	7.74	6.55
Depositors' Profit Sharing (%) Avg Profit Sharing Bearing Liabilities 3	0.68	1.00	1.09	0.40	0.01
Net Spread (%) 4	6.78	7.50	7.48	7.34	6.54
Net Profit Sharing Margin (%) 5	6.85	7.64	7.64	7.39	6.55
Non-Profit Sharing (%) Operating income	20.23	17.16	28.22	26.76	20.26
Income Tax (%) Pre-tax Income	--	--	--	--	--
Efficiency Indicators					
Non Depositors' Profit Sharing Expense (%) Avg Assets	1.99	2.11	1.95	1.83	1.95
Cost to Income Ratio (%) 6	27.19	26.05	20.56	20.41	26.80
Personnel Expenses (%) Avg Assets	1.15	1.26	1.12	0.92	0.91
Personnel Expenses (%) Operating Income	15.76	15.57	11.77	10.20	12.56
Personnel Expenses (%) Non Depositors' Profit Sharing Expense	57.95	59.76	57.23	49.99	46.86
Liquidity Indicators					
Net Investments (%) Customer Deposits	114.97	94.63	93.25	93.06	66.63
Net Investments (%) Total Deposits 7	109.19	91.97	89.04	88.71	65.50
Average Net Investments (%) Average Customer Deposits	106.19	94.01	93.16	80.77	62.73
Average Net Investments (%) Average Assets	76.66	66.65	66.76	61.21	49.26
Liquid Assets 8 (%) Total Assets	11.74	26.69	29.83	27.13	42.97
Customer Deposits (%) Total Deposits	94.97	97.19	95.48	95.33	98.30
Customer Deposits / Shareholders' Equity (Times)	4.62	3.80	3.64	5.21	5.98
Due from Banks (%) Due to Banks	14.69	334.87	377.16	176.49	78.58
Investment Portfolio Quality Indicators					
Problem Investments (%) Gross Investments	--	3.54	2.87	2.43	2.17
Problem Investments (%) (Shareholders' Equity + LLR)	--	11.58	8.91	10.20	7.10
(Problem Investments - ILR) (%) Shareholders' Equity	--	-1.21	-3.59	-8.17	-22.19
Investment Loss Reserve (%) Gross Investments	--	3.87	3.89	4.05	7.33
Investment Loss Provision Expenses (%) Preprovision Income	11.39	6.43	3.34	8.69	22.66
ILP (%) (Investment Loss Reserve - ILP)	-100.00	14.92	10.04	24.14	36.58
Investment Loss Provision Expenses (%) Gross Investments	0.64	0.50	0.35	0.79	1.96
Preprovision Income (%) Net Investments	5.64	8.12	11.04	9.46	9.35
Shareholders' Equity (%) Net Investments	18.83	27.80	29.48	20.64	25.09
Investments to Related Cos. (%) Gross Investments	0.00	0.00	0.00	0.00	0.01

Al Rajhi Bank

AI-Rajhi Bank

	09/30/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Capitalization Indicators					
Tier 1 ratio (%)	--	23.60	25.30	18.20	22.50
Shareholders' Equity (%) Total Assets	15.69	18.90	19.18	14.17	13.08
Shareholders' Equity (%) T. Assets + Contingent Liabilities	13.77	16.44	17.38	12.67	11.84
Total Capital funds (%) Total Assets	15.69	18.90	19.18	14.17	13.08
Total Capital (%) T. Assets + Contingent Liabilities	13.77	16.44	17.38	12.67	11.84
Shareholders' Equity (%) Total Capital funds	100.00	100.00	100.00	100.00	100.00
Contingent Liabilities (%) Total Assets	13.93	15.00	10.36	11.85	10.52
"Free" Capital 9 (%) Shareholders' Equity	88.96	89.02	90.21	89.87	90.67
Dividend Payout (%) 10	49.99	41.86	6.16	51.92	53.65
Internal Capital Growth (%) 11	14.41	18.58	50.87	26.59	18.77

Notes:

1. *Recurring Earning Power = Preprovision Income (%) Average Total Assets*
2. *Profit Sharing Assets = Central Bank + Due from Banks + Government Securities + Trading Securities + Investment Securities + Net Investments*
3. *Profit Sharing Liabilities = Customer Deposits + Due to Banks + Borrowings + Subordinated Debt Capital*
4. *Net spread = Profit Sharing Income (%) Avg Earning Assets - Depositors' Profit Sharing Expense (%) Avg Profit Sharing Liabilities*
5. *Net Profit Sharing margin = Net Profit Sharing Income (%) Average Earning Assets*
6. *Cost to Income Ratio = Total non Depositors' Profit Sharing Expense (%) Operating income*
7. *Total deposits = Customer deposits + Due to banks*
8. *Liquid Assets = Cash & Central Bank + Due from Banks + Government Securities + Trading Securities + Other Liquid Assets*
9. *Free Capital = Shareholders' Equity - Fixed Assets - Equity in Affiliates*
10. *Dividend Payout = Dividends (%) Net Income*
11. *Internal Capital Growth = Current period's Net income - Current period's Dividends (%) Last period's Shareholders' Equity*

Al Rajhi Bank

Moody's Related Research

Banking System Outlook:

- Banking System Outlook: Saudi Arabia, July 2008 (110345)

Rating Methodologies:

- Guidelines for Rating Bank Junior Securities, April 2007 (102726)
- Incorporation of Joint-Default Analysis into Moody's Bank Ratings: A Refined Methodology, March 2007 (102639)
- Bank Financial Strength Ratings: Global Methodology, February 2007 (102151)

Credit Opinion:

- Al Rajhi Bank, November 2008

Special Comments:

- Frequently Asked Questions: Notable Trends in Global Islamic Finance (110404)
- Islamic Finance: Glossary of Usual Terms and Core Principles, June 2008 (109441)
- Islamic Banks and Sukuk: Growing Fast, but Still Fragmented, April 2008 (108331)
- Islamic Banks in the GCC: a Comparative Analysis, March 2008 (107856)
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- Regulation and Supervision: Challenges for Islamic Finance in a Riba-Based Global System, January 2004 (81128)
- Culture or Accounting: What Are The Real Constraints for Islamic Finance in a Riba-Based Global Economy?, January 2001 (63369)

To access any of these reports, click on the entry above. Note that these references are current as of the date of publication of this report and that more recent reports may be available. All research may not be available to all clients.

Al Rajhi Bank

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