
BANK ALJAZIRA

(A Saudi Joint Stock Company)

**UNAUDITED INTERIM CONDENSED
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
JUNE 30, 2010 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 June 30, 2010, comprising the consolidated statement of financial position as at June 30, 2010, and the related consolidated statement of income and consolidated statement of comprehensive income for the three-month and six-month periods ended June 30, 2010 and the consolidated statements of changes in equity and cash flows for the six-month period then ended, along with condensed notes 1 through 11. We have not reviewed Note 12, nor the information related to "Basel II disclosures" cross-referenced therein, which is not required to be within the scope of our review.

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



July 11, 2010
Rajab 29, 1431 H

for Deloitte & Touche
Bakr Abulkhair & Co.

By: _____

Al-Mutahhar Y. Hamiduddin
Certified Public Accountant
License Number 296



Bank AlJazira

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		June 30, 2010 (Unaudited) SR'000	December 31, 2009 (Audited) SR'000	June 30, 2009 (Unaudited) SR'000
	Notes			
ASSETS				
Cash and balances with SAMA		1,465,988	1,405,183	1,430,469
Due from banks and other financial institutions		4,374,513	7,235,983	5,806,912
Investments	5	4,426,440	4,283,681	4,142,601
Loans and advances, net		17,413,604	15,504,094	15,823,534
Other real estate, net	6	679,800	691,667	683,299
Property and equipment, net		483,456	501,051	490,098
Other assets		323,003	354,945	562,255
Total assets		29,166,804	29,976,604	28,939,168
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		1,365,060	2,690,639	1,452,998
Customers' deposits		22,664,565	22,142,476	22,147,952
Other liabilities		402,040	449,155	494,715
Total liabilities		24,431,665	25,282,270	24,095,665
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT				
Share capital	10	3,000,000	3,000,000	3,000,000
Statutory reserve		1,390,000	1,390,000	1,383,000
General reserves		68,000	68,000	68,000
Other reserve		881	-	-
Retained earnings		61,789	27,867	244,798
Total equity attributable to equity holders of the parent		4,520,670	4,485,867	4,695,798
Non-controlling interest		214,469	208,467	147,705
Total equity attributable to equity holders of the parent and non-controlling interest		4,735,139	4,694,334	4,843,503
Total liabilities and equity		29,166,804	29,976,604	28,939,168

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

(A Saudi Joint Stock Company)

CONSOLIDATED INCOME STATEMENT (UNAUDITED)

	Notes	For the Three Months Ended		For the Six Months Ended	
		June 30, 2010 SR'000	June 30, 2009 SR'000	June 30, 2010 SR'000	June 30, 2009 SR'000
Special commission income		219,416	264,499	426,841	534,577
Special commission expense		(31,639)	(78,020)	(70,627)	(175,511)
Net special commission income		187,777	186,479	356,214	359,066
Fees and commission income, net		76,085	122,197	143,747	218,227
Foreign exchange income, net		3,792	3,639	9,838	8,051
Trading (loss) / income, net		(12,690)	18,085	(3,412)	14,326
(Loss) / income from FVIS financial instrument		(12,540)	-	40,857	-
Dividend income		4,751	2,986	4,751	4,804
Gain on non-trading investments, net		-	15,565	-	20,729
Other operating income	6 b	48,028	463	48,305	814
Total operating income		295,203	349,414	600,300	626,017
Salaries and employee-related expenses		99,906	96,729	201,906	190,174
Rent and premises-related expenses		16,143	16,338	31,747	25,917
Depreciation		20,538	21,267	40,837	41,536
Other general and administrative expense		41,367	48,173	85,814	91,806
Charge for provision for credit losses, net		93,823	39,652	203,823	39,107
Impairment of other financial assets		-	-	-	5,392
Other operating expenses		1,647	5,408	1,987	8,079
Total operating expenses		273,424	227,567	566,114	402,011
Net income for the period		21,779	121,847	34,186	224,006
Attributable to:					
Equity holders of the parent		21,311	121,229	33,922	223,455
Non-controlling interest		468	618	264	551
		21,779	121,847	34,186	224,006
Earnings per share					
Weighted average number of outstanding shares (in thousands) (note 10)		300,000	300,000	300,000	300,000
Basic and diluted earnings per share (expressed in SR)		0.07	0.41	0.11	0.75

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

	<u>For the Three Months Ended</u>		<u>For the Six Months Ended</u>	
	<u>June</u> <u>30, 2010</u> <u>SR'000</u>	<u>June</u> <u>30, 2009</u> <u>SR'000</u>	<u>June</u> <u>30, 2010</u> <u>SR'000</u>	<u>June</u> <u>30, 2009</u> <u>SR'000</u>
Net income for the period	<u>21,779</u>	<u>121,847</u>	<u>34,186</u>	<u>224,006</u>
Other comprehensive income (loss):				
Net changes in fair value of available for sale investments	881	28,495	881	18,478
Transfer to consolidated income statement:				
Gain on non-trading investments, net	-	(15,565)	-	(20,729)
Impairment charge for available for sale investments	-	-	-	5,392
Other comprehensive income for the period	<u>881</u>	<u>12,930</u>	<u>881</u>	<u>3,141</u>
Total comprehensive income for the period	<u><u>22,660</u></u>	<u><u>134,777</u></u>	<u><u>35,067</u></u>	<u><u>227,147</u></u>
Attributable to:				
Equity holders of the parent	22,192	134,159	34,803	226,596
Non-controlling interest	468	618	264	551
Total comprehensive income for the period	<u><u>22,660</u></u>	<u><u>134,777</u></u>	<u><u>35,067</u></u>	<u><u>227,147</u></u>

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

(A Saudi Joint Stock Company)

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (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	Non-controlling interest SR'000	Total SR'000
2010									
Balance at January 1, 2010 (audited)	3,000,000	1,390,000	68,000	-	27,867	-	4,485,867	208,467	4,694,334
Total comprehensive income for the period	-	-	-	881	33,922	-	34,803	264	35,067
Net changes in non-controlling interest	-	-	-	-	-	-	-	5,738	5,738
Balance at June 30, 2010 (unaudited)	3,000,000	1,390,000	68,000	881	61,789	-	4,520,670	214,469	4,735,139
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	223,455	-	226,596	551	227,147
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 non-controlling interest	-	-	-	-	-	-	-	46,133	46,133
Balance at June 30, 2009 (unaudited)	3,000,000	1,383,000	68,000	-	244,798	-	4,695,798	147,705	4,843,503

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

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CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (UNAUDITED)

	2010 <u>SR'000</u>	2009 <u>SR'000</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the period attributable to equity holders of the parent	33,922	223,455
Adjustments to reconcile net income to net cash from (used in) operating activities:		
Trading loss / (income), net	3,412	(14,326)
Income from FVIS financial instruments	(40,857)	-
Gain on non-trading investments, net	-	(20,729)
Charge for provision for credit losses, net	203,823	39,107
Depreciation	40,837	41,536
Loss on sale of property and equipment	701	31
Impairment of other financial assets	-	5,392
	<u>241,838</u>	<u>274,466</u>
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(113,967)	(121,345)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition	952,160	12,382
Investments held for trading	(902,934)	(290,363)
Loans and advances	(2,113,333)	(1,337,091)
Other real estate	11,867	101
Other assets	31,942	183,588
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	(1,325,579)	86,353
Customers' deposits	522,089	1,247,584
Other liabilities	(47,024)	(49,394)
	<u>(2,742,941)</u>	<u>6,281</u>
Net cash (used in) / from operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from maturity and sale of non-trading investments	2,168,750	1,261,401
Purchase of non-trading investments	(1,375,000)	(175,000)
Purchase of property and equipment	(24,021)	(38,279)
Proceed from sale of property and equipment	78	117
Dividend received	4,751	3,533
	<u>774,558</u>	<u>1,051,772</u>
Net cash from investing activities		
CASH FLOWS FROM FINANCING ACTIVITIES		
Dividends paid	(91)	(138,360)
Net movements in non-controlling interests	6,002	46,684
	<u>5,911</u>	<u>(91,676)</u>
Net cash from / (used in) financing activities		
Net (decrease) / increase in cash and cash equivalents	(1,962,472)	966,377
Cash and cash equivalents at the beginning of the period	3,997,783	3,876,023
	<u>2,035,311</u>	<u>4,842,400</u>
Cash and cash equivalents at the end of the period (Note 8)		
Special commission received during the period	462,792	536,667
Special commission paid during the period	34,847	197,378
	<u>427,945</u>	<u>339,289</u>
SUPPLEMENTAL NON-CASH INFORMATION		
Net changes in fair values	881	3,141
Real estate acquired in settlement of loans and advances	-	607,603

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements.

Bank AlJazira

(A Saudi Joint Stock Company)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009

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 49 branches (2009: 30 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.

In accordance with regulatory requirements in Saudi Arabia, the Bank has transferred asset management activities to AlJazira Capital Company during 2009.

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 do not include all information and disclosure required in the annual consolidated financial statements and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2009.

These interim condensed consolidated financial statements were approved by the Board of Directors on July 11, 2010.

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

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

3. BASIS OF CONSOLIDATION

The interim condensed consolidated financial statements comprise the financial statements of Bank AlJazira and its subsidiaries, namely Al-Khair Global Equities Fund, Al-Thoraiya European Equities Fund, Al-Mashareq Japanese Equities Fund, AlJazira Capital Company and Aman Real Estate (collectively referred to as "the Bank"). The financial statements of the subsidiaries are prepared for the same reporting period 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 period, if any, are included in the interim consolidated statement of income from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Non-Controlling 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 consolidated income statements and within equity in the interim 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 consolidated financial statements.

Bank AlJazira

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (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, 2009, except for the amendment of IAS 27 (amended) as mentioned below, effective from 1 January 2010. The Group will apply this amendment to transactions occurring subsequent to 1 January 2010.

- IAS 27 (amended) 'Consolidated and separate financial statements':

The amendment requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transaction will no longer give rise to goodwill, nor will it give rise to a gain or loss.

The Bank has adopted the amended standard with retrospective effect which had no impact on the financial position and financial performance of the Bank.

5. INVESTMENTS

	June 30, 2010 (Unaudited) SR'000	December 31, 2009 (Audited) SR'000	June 30, 2009 (Unaudited) SR'000
Held for trading	1,802,215	907,444	825,913
Other investments held at amortised cost	2,261,370	3,055,120	3,313,120
Available for sale	5,449	4,568	3,568
Held at FVIS	357,406	316,549	-
Total	4,426,440	4,283,681	4,142,601

6. No provision was required for losses to be sustained in the fulfillment of, or from inability to fulfill, any standby commitments.
7. It is the Bank's policy to enter into dealings in foreign currencies within the limits specified by management for each currency. To the best of our knowledge, such limits have not been exceeded without management's approval during the period under review nor subsequent to the balance sheet date and up to this date.
8. There are no important claims, profit, or possible loss for which contra entries should have been made or which should have been explained other than those already included in the financial statements, including amounts which may become due as a result of title deeds transferred to the Bank's name or to the name of its representative or assignee which exceed the amount due on a loan.
9. We confirm that we have reviewed all counter party exposure including loans and advances, investments and balances with other banks as at 30 June 2010 to identify any counter parties that might have been affected due to global financial crisis, and we confirm that there are none.
10. We confirm that capital adequacy ratios, reported in the financial statements as at June 30, 2010, for Core capital (Tier 1) is 16.19% (2009: 17.28%) and for core and supplementary capital (Tier 1 and Tier 2) is 16.81% (2009: 17.79%) are in agreement with the returns submitted to SAMA.
11. We confirm that the Bank's Board of Directors, Executive Committee and Senior Management have reviewed the outstanding exposure of Al Gosaibi & Bros. Co. amounting to SR 608M as at June 30, 2010 and agreed to provide SR 423M (70% of the outstanding exposure) against this exposure. We believe that this is an adequate provision as at 30 June 2010.
12. We confirm that loan of Itsalat International Company amounting to SR 124 million has been taken over by one of the partner of Itsalat International Company to the extent of SR 93 million, Sheikh Khalid A Al Turki and the Bank considers the amount of SR 93 million to be fully recoverable, hence the excess provision of SR 30.74 million has been reversed to the consolidated income statement during the period ended June 30, 2010.
13. We confirm that the information provided in note 9, Segment Information, to the interim condensed consolidated financial statements is presented on the same basis as that used for internal reporting provided regularly to senior management of the Bank.

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HEAD OFFICE : JEDDAH - SAUDI ARABIA

المركز الرئيسي : جدة - المملكة العربية السعودية

Bank AlJazira

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

6. OTHER REAL ESTATE, NET

- a) During 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.
- b) During June 2010, the Bank has disposed off other real estate amounting to SR 11.87 million, which resulted in a gain of SR 45.83 million.

7. CREDIT RELATED COMMITMENTS AND CONTINGENCIES

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

	June 30, 2010 (Unaudited) SR'000	December 31, 2009 (Audited) SR'000	June 30, 2009 (Unaudited) SR'000
Letters of guarantee	2,200,340	2,183,076	2,099,624
Letters of credit	684,113	433,108	599,019
Acceptances	198,873	556,249	578,681
Irrevocable commitments to extend credit	1,041,013	355,834	464,177
Total	4,124,339	3,528,267	3,741,501

8. CASH AND CASH EQUIVALENTS

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

	June 30, 2010 (Unaudited) SR'000	December 31, 2009 (Audited) SR'000	June 30, 2009 (Unaudited) SR'000
Cash and balances with SAMA, excluding statutory deposit	378,870	432,032	343,072
Due from banks and other financial institutions with an original maturity of ninety days or less	1,656,441	3,565,751	4,499,328
Total	2,035,311	3,997,783	4,842,400

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

9. SEGMENT INFORMATION

The operating segments have been 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.

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 and Other

Treasury includes 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 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 June 30, 2010 and 2009, its total operating income and expenses, and its net income for the six months then ended, by business segment, are as follows:

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

9. SEGMENT INFORMATION (continued)

June 30, 2010 (SR'000)

	Personal banking (Unaudited)	Corporate banking (Unaudited)	Brokerage (Unaudited)	Treasury and other (Unaudited)	Total (Unaudited)
Total assets	4,822,192	13,842,742	566,691	9,935,179	29,166,804
Total liabilities	11,817,165	1,795,196	18,873	10,800,431	24,431,665
Operating income from external customers	169,844	300,984	71,906	57,566	600,300
Inter-segment operating income / (loss)	4,107	(35,553)	22,740	8,706	-
Total operating income	173,951	265,431	94,646	66,272	600,300
Charge for provision for credit losses, net	18,370	185,453	-	-	203,823
Impairment of other financial assets	-	-	-	-	-
Depreciation	17,837	2,903	8,025	12,072	40,837
Total operating expenses net of non-controlling interest	185,975	243,587	81,561	55,255	566,378
Net (loss) / income	(12,024)	21,844	13,085	11,017	33,922

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

9. SEGMENT INFORMATION (continued)

June 30, 2009 (SR'000)

	Personal banking (Unaudited)	Corporate banking (Unaudited)	Brokerage (Unaudited)	Treasury and other (Unaudited)	Total (Unaudited)
Total assets	3,248,272	13,188,776	571,540	11,930,580	28,939,168
Total liabilities	10,307,544	2,227,834	48,047	11,512,240	24,095,665
Operating income from external customers	93,782	356,115	143,769	32,351	626,017
Inter-segment operating income / (loss)	35,554	(69,323)	5,739	28,030	-
Total operating income	129,336	286,792	149,508	60,381	626,017
Charge for provision for credit losses, net	1,299	37,808	-	-	39,107
Impairment of other financial assets	-	-	-	5,392	5,392
Depreciation	20,526	4,815	10,155	6,040	41,536
Total operating expenses net of non-controlling interest	163,503	93,309	92,024	53,726	402,562
Net (loss) / income	(34,167)	193,483	57,484	6,655	223,455

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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2010 AND 2009 (continued)

10. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 300 million shares of SR 10 each (December 31, 2009: 300 million shares of SR 10 each; June 30, 2009: 300 million shares of SR 10 each).

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.

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 ratios established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its consolidated statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk. SAMA requires to hold the minimum level of the regulatory capital and maintain a ratio of total eligible capital to the risk-weighted assets at or above the agreed minimum of 8%.

	2010		2009	
	Eligible Capital SR '000	Capital Adequacy Ratio %	Eligible Capital SR '000	Capital Adequacy Ratio %
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Core capital (Tier 1)	4,520,670	16.19	4,695,798	17.28
Supplementary capital (Tier 2)	171,700		138,369	
Core and supplementary capital (Tier 1 + Tier 2)	4,692,370	16.81	4,834,167	17.79

12. BASEL II PILLAR III QUANTITATIVE DISCLOSURES

Basel II Pillar III quantitative semi-annual disclosures are required by SAMA to be presented on the Bank's website www.baj.com.sa, within 60 working days after June 30, 2010 as required by SAMA. Such disclosures are not subject to review or audit by the external auditors of the Bank.