



# Al Rajhi Bank Press Pack

*Data Correct as of 2010 Annual Report*



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## 1. INTRODUCTION TO AL RAJHI BANK

Founded in 1957, Al Rajhi Bank is one of the largest Islamic banks in the world with total assets of SAR 184 billion (US 49 bn), a market capital of over US\$4 billion, employing 7,500 associates. With over 50 years of experience in banking and trading activities, the various individual establishments under the Al Rajhi name were merged into the umbrella 'Al Rajhi trading and exchange corporation' in 1978 and it was in this year that the bank was also established as a Saudi share holding company. Deeply rooted in Islamic banking principles, the Sharia compliant banking group is instrumental in bridging the gap between modern financial demands and intrinsic values, whilst spearheading numerous industry standards and development.

With an established base in Riyadh, Saudi Arabia, Al Rajhi Bank has a vast network of over 466 branches, 2,750 ATM's, 21,000 POS terminals installed with merchants and the largest customer base of any bank in the Kingdom.

As one of the leading and most progressive banks in Saudi Arabia, Al Rajhi Bank recorded net income profit of SAR 6,771 million (equivalent to US\$1,8 billion) in 2010. Al Rajhi Bank operates in multiple segments and continues to grow through diversification of income resources and development of the investment and corporate banking sectors which build on the strong retail banking base.

The bank also continues to develop banking programs and projects with a focus on the latest new electronic services and investment products in order to offer innovative banking and investment services especially e-banking. At Al Rajhi Bank, we have achieved leadership through offering new electronic channels that answer customers' needs and aspirations, simplifying their efforts whilst saving time. The Bank has also worked on numerous electronic governmental projects in collaboration with many official sectors.

In addition to local growth, Al Rajhi Bank ventured into the Malaysian market in 2006 after being the first foreign bank to be awarded a full-banking license by the Bank



Negara Malaysia. Malaysia marked the bank's first foray into the South East Asian banking scene, whereby the core banking products were introduced to the Asian market providing a whole new Islamic banking experience. Al Rajhi Bank currently has 19 branches in Malaysia with plans to increase this number in the future (see *International presence section*).

## 2. STRATEGIC DIRECTION

As one of the largest privately owned Islamic Banks in the world (in terms of assets and profitability), Al Rajhi bank is focused on continued growth both at home and abroad. In KSA, we have continually strived to provide our customers with innovative products which are fully Islamic compliant. Our traditional operations in the retail sector continue to grow along with increased focus in the areas of corporate banking, treasury services and investment.

Al Rajhi bank focuses on several main groups; retail, corporate, and investment (Al Rajhi Financial Services).

The **Retail Banking Group** represents the heart of the bank's activities with a full suite of products targeted towards different segment needs. This includes deposits, credit current accounts, share trading, remittances and consumer financing, including cars, personal, real estate loans and credit cards. In addition to the 500 branches which serve our customer base (including over 100 specialized ladies branches) we have over 100 remittance centres. Our e channel commitment is highlighted by the fact that we were the first bank in KSA to offer share dealing by mobile phone. In total, we have 1,000,000 internet banking users.

**The Corporate Banking Group (CBG)** has a special focus on corporate and commercial sectors. For these two sectors, the bank offers a wide range of financial and investments services, which are and have always operated within the framework



of Sharia principles. Al Rajhi Bank has recently established three exclusive branches for corporate customers in the Kingdom's three main cities: Riyadh, Jeddah and Dammam. In addition, there are three trade processing centers which are responsible for receiving and processing all types of Letter of Credit (LC) and Letter of Guarantee (LG) requests from our customers, promptly and efficiently. These branches are managed by highly dedicated and professional corporate bankers, trained specially to offer personalized services to our corporate customers.

**The Treasury Group** plays a central role in the bank by managing the liquidity and asset liability position. Treasury runs an active investment book to enhance the yield-based income. Being the leading player in the USD/SAR, the department adds depth and liquidity to the market, dealing in over 40 currencies and making the bank visible in each of those markets. At Al Rajhi Bank, we are leaders in the bank-note business in both wholesale and retail across the GCC. While offering attractive Sharia compliant treasury products, we actively participate in international commodity markets. Our strong team of experienced professional dealers manages large volumes and provides innovative customized financial solutions to our customers. In addition, Treasury supports other business groups in the bank by providing prices in all money market and foreign exchange products to facilitate customer activities. The department implements a continuous product development program that constantly invests in modern technology, maintaining its place at the industry forefront. Treasury also extends its advisory services to existing and prospective customers on hedging exposures and, in turn, offers suitable products.

**The Investment Group, Al Rajhi Financial Services (ARFS)** was granted a license to practice as a 'limited liability company' as of 18th March 2008. ARFS has three main segments, asset management, brokerage and corporate finance. In terms of brokerage our customers are offered a number of funds that allow them to invest in both national and international markets. International Shares Brokerage is a significant and leading service provided by ARFS, targeting investors who wish to diversify their investments through direct investment in the international financial



markets for increasing their proceeds. The service is compliance with Sharia ruling thus avoiding any direct or indirect trade in the shares of the companies associated with Sharia, this includes prohibited businesses such as alcoholic drinks, narcotics trafficking, tobacco or interest taking companies such as non-Islamic banks, insurance companies, and gambling houses.

Other services include Saudi share trading, which represents one of the most popular investment opportunities available. For those customers who are interested, the Bank provides them with the opportunity to buy or sell Saudi stocks quickly and flexibly in our well-equipped lounges. Continuously-updated stock prices are displayed, so that customers can keep in touch with the movements of the market. Transactions can be executed in accordance with investors' instructions, through the screens that are connected with the Electronic Securities Information System (ESIS) available in most Al Rajhi branches throughout the Kingdom. The Bank is considered the first of its kind to provide customers with such an efficient and responsive service for buying and selling local Saudi shares.



### 3. INTERNATIONAL PRESENCE

On 5th February 2007, Al Rajhi Bank Malaysia was officially launched, becoming the first Arab bank to start operations in South East Asia. Al Rajhi Bank established a strong presence, initially opening 12 branches, operating in Kuala Lumpur, the capital city and around Klang Valley. To date, a total of 20 branches are now opened for business including 5 branches each in the state of Kelantan, Penang, Johor and Serawak.

Aligned to the parent Bank, the Malaysian operations totally embrace and strictly adhere to the principles of partnership and fairness outlined in Sharia principles. The approach adopted offers Muslim customers all the services and benefits of a progressive, modern bank, whilst also providing non-Muslim customers with an alternative banking system created and operated to protect their interests. This approach manifests itself in the brand position whereby our Islamic values have been applied to both Islamic and non Islamic customers alike, with a focus on *Truth, Honour and Respect*, being not just words but values that define our way of doing business.

Al Rajhi Bank is now fully operational in Kuwait with one branch opened.

The Central Bank of Jordan has granted Al Rajhi Bank the license to operate a fully fledged Sharia Compliant Bank and operations are expected to commence in 2011.



#### 4. KEY FINANCIALS

	2008	2009	2010
<b>Total Assets (SAR 000')</b>	164,929,801	170,729,729	184,840,910
<b>Total Operating Income (SAR 000')</b>	10,575,267	11,505,292	11,661,132
<b>Net Income (SAR 000')</b>	6,524,604	6,767,228	6,770,829

#### Credit Ratings

- Robust credit ratings received of A1 from Moody's A+ from Fitch. These ratings were driven by our healthy customer franchise in the retail sector, excellent profitability, concentration in loans, deposits and strong capitalization.



## 5. KEY STATISTICS

	2008	2009	2010
<b>No. of branches</b>	436	437	466
<b>No of ladies branches</b>	108	109	110
<b>No. of Remittance/ Tahweel centres</b>	127	128	130
<b>ATMs</b>	2,277	2,460	2,750
<b>Point of Sale (POS) Terminals</b>	17,631	18,070	21,000
<b>Employees</b>	7,593	7,400	7,800



## 6. OUR VALUES

Despite the growth over the last five decades our commitment in adhering to our core values remains the same and this is highlighted by our vision to be 'a trusted leader delivering innovative financial solutions to enhance quality of life everywhere'. Everything we do is built around our core values, based on a customer centric approach which puts the customer at the heart of our activities.

- ***Integrity & Transparency***: openness and highest standards of corporate and personal ethics, in all that we do
- ***Passion to serve our customers***: a strong commitment to anticipate and address customer needs beyond expectation
- ***Solution orientated***: helping our customers achieve their objectives
- ***Modest***: humility in thought and deed in everything we do
- ***Innovativeness***: nurturing imagination and fostering creativity for better results
- ***Meritocracy***: defining, differentiating and reinforcing excellence in people
- ***Care for society***: contributing towards a better tomorrow



## 7. CORPORATE & SOCIAL RESPONSIBILITY

Our bank played a great role in social development during the last few years through participation and contribution in varied activities including:

- The implementation of 16 philanthropic social programs for charity foundations, hospitals, orphans and the handicapped throughout KSA. These programs were implemented by the female managers and supervisors of the Ladies Bank Branches.
- A donation of SAR 2,000,000 was made to the Saudi Public Campaign for Lebanese people relief within the donation campaign launched by the custodian of the Two Holy Mosques, King Abdullah Bin Abdulaziz to support Lebanese people.
- Training opportunities were provided for 300 secondary school girls and boys, higher institutes and university students in the field of administrative behaviour, computer operations, administrative science and English language.

In addition, the bank participated in a number of external events including:

- Saudi International Motor Show
- Riyadh Motor Show
- Dhahran Real Estate Exhibition
- Modern Women Exhibition
- Home Loan Road Show



## 8. RECOGNITION & AWARDS

Institution	Award Date	Category	Award Details
<b>Pan Web Awards</b>	November 2010	Best Interactivity Award	<ul style="list-style-type: none"> <li>• <b>Best Interactive Website, 2010</b></li> </ul>
<b>KLIFF</b>	August 2010	Islamic Banking	<ul style="list-style-type: none"> <li>• <b>Most Outstanding Islamic Bank, 2010 KLIFF</b> (Kuala Lumpur Islamic Finance Forum)</li> </ul>
<b>Euromoney</b>	February 2010	AR Bank	<ul style="list-style-type: none"> <li>• <b>Best Islamic Bank in Middle East 2009</b></li> </ul>
<b>Euromoney</b>	February 2010	AR Capital	<ul style="list-style-type: none"> <li>• <b>Best Project Finance House 2009</b></li> </ul>
<b>Euromoney</b>	June 2009	Project Finance & Retail	<ul style="list-style-type: none"> <li>• <b>Best Project Finance House in Middle East 2008</b></li> <li>• <b>Best Bank in Saudi Arabia 2008</b></li> </ul>
<b>Global Finance</b>	April 2009	Retail Banking & Financial Institution	<ul style="list-style-type: none"> <li>• <b>Best Islamic Retail Bank 2008</b> Overall award for global best Islamic retail bank</li> <li>• <b>Best Islamic Institution in KSA</b></li> </ul>
<b>Asian Banker</b>	March 2009	Excellence in Retail Financial Services Awards 2008	<ul style="list-style-type: none"> <li>• <b>Best Retail Bank in the Gulf</b> Al Rajhi Bank named as the sole winner of highest award for retail financial services in the Gulf Region for performance in 2008.</li> </ul>
<b>Islamic Finance News Awards (Malaysia)</b>	February 2009	Best Individual Islamic Banker 2008	<ul style="list-style-type: none"> <li>• <b>Abdullah Suleiman Al Rajhi receives 2<sup>nd</sup> place as Best Individual Islamic Banker</b> Abdullah Suleiman Al Rajhi received 2nd place in the best individual banker poll. Receiving 18.75% of the votes cast.</li> </ul>



Institution	Award Date	Category	Award Details
Asia Money	July 2008	Commercial banking in KSA	<ul style="list-style-type: none"> <li>• <b>Best Commercial Bank in Saudi Arabia</b> Al Rajhi Bank judged as number 1 commercial bank in KSA.</li> </ul>
The Asian Banker	June 2008	Excellence in Retail Financial Services Awards 2007	<ul style="list-style-type: none"> <li>• <b>Best Retail Bank in the Gulf region</b> Al Rajhi Bank named as the sole winner of highest award for retail financial services in the Gulf Region for performance in 2007.</li> <li>• <b>Best Retail Bank in Saudi Arabia</b> Al Rajhi Bank named as sole winner of best Retail bank in Saudi Arabia.</li> </ul>
Sheikh Salim Al Sabah	April 2008	Best Website	<ul style="list-style-type: none"> <li>• <b>Best Commercial website in the Middle East</b> Al Rajhi Bank website won the prize for best commercial website in middle east, the only Saudi website that was honored.</li> </ul>
Lipper Awards	April 2008	Best Funds	<ul style="list-style-type: none"> <li>• <b>Best Fund Mixed Asset USD Aggressive Category (1 year)</b> Al Rajhi Bank awarded most aggressive balanced fund award.</li> <li>• <b>Best Fund Equity Saudi Arabia Category (1 year)</b> Al Rajhi Bank recognized for local shares fund.</li> </ul>
The Asian Banker	March 2008	Achievement in Islamic Finance	<ul style="list-style-type: none"> <li>• <b>Award for Achievement in Islamic Finance</b> Al Rajhi Bank received project finance awards for growth in KSA/ Internationally. Red Sea Gateway Terminal quoted as lending project in Saudi Arabia.</li> </ul>



Institution	Award Date	Category	Award Details
<b>Euromoney Islamic Finance Awards 2007</b>	February 2008	Best Islamic Bank in the Middle East '07'	<ul style="list-style-type: none"> <li>• <b>Best Islamic Bank in the Middle East</b> Al Rajhi Bank recognized as best Islamic Bank in the Middle East.</li> </ul>
<b>Euromoney Islamic Finance Awards 2007</b>	February 2008	Project Finance Deal of the year '07'	<ul style="list-style-type: none"> <li>• <b>ACWA Power and Al Rajhi Bank for Marafiq IWPP, Shuqaiq IWPP and Shoaibah Expansion Project)</b> Al Rajhi Bank acted as Mandated Lead Arranger for the Islamic Tranche in all the 3 deals.</li> </ul>



Institution	Award Date	Category	Award Details
<p><b>Euromoney Islamic Finance Awards 2007</b></p>	<p>February 2008</p>	<p>Project Finance Awards</p>	<ul style="list-style-type: none"> <li>• <b>Middle East Transport/ Ports Deal of the Year 2007</b> Red Sea Gateway Terminal (3rd Container Terminal at Jeddah Islamic Port), Al Rajhi acted as Joint Financial Advisor, Sole Book runner and Mandated Lead Arranger.</li> <li>• <b>Middle East Telecoms Deal of the Year for 2007</b> Mobily, Al Rajhi acted as Mandated Lead Arranger.</li> <li>• <b>Middle East IWPP Deal of the Year 2007</b> Marafiq Independent Water and Power Project, Al Rajhi acted as Mandated Lead Arranger.</li> </ul>
<p><b>PFI Magazine (Thomson Awards) 2007</b></p>	<p>February 2008</p>	<p>Project Finance Awards</p>	<ul style="list-style-type: none"> <li>• <b>Power Deal of the Year 2007</b> Marafiq Independent Water and Power Project, Al Rajhi acted as Mandated Lead Arranger.</li> </ul>



Institution	Award Date	Category	Award Details
<b>Ministry of Communications and Information Technology 2007</b>	September 2007	E Business competition for digital excellence	<ul style="list-style-type: none"> <li>• <b>Best Website in KSA</b> Al Rajhi Bank's website was ranked first in the e-business competition for digital Excellence Award in 2007 by the Ministry of Communications and Information Technology.</li> </ul>
<b>Middle East E Banking Excellence Award</b>	September 2007	E banking Excellence	<ul style="list-style-type: none"> <li>• <b>Middle East E Banking Award</b> Al Rajhi Bank was named as a winner of the e banking country award for KSA.</li> </ul>
<b>The World Islamic Banking Conference</b>	December 2007	Award for Abdullah Sulaiman Al Rajhi, CEO	<ul style="list-style-type: none"> <li>• <b>Islamic Banker of the Year Award 2007</b> Abdullah Sulaiman Al Rajhi, Al Rajhi Bank CEO, won the Islamic Banker Prize for 2007 during an international banking prizes distribution ceremony.</li> </ul>



## 9. ISLAMIC BANKING FINANCING TERMINOLOGY

At Al Rajhi Bank we are fully committed to providing comparable financial offerings at competitive prices, using structures and terminology which respect Sharia law directives, below are some explanations of different transaction types and their description.

### **Transaction type: Murabaha**

**Description:** The bank buys an asset, whose ownership is transferred (sold) to the client, who usually provides collateral. The bank receives deferred payments from the client equivalent to the original sum plus an additional amount. Usually this is reflected as a type of loan.

### **Transaction type: Mudarabah**

**Description:** A profit-sharing agreement. A standard Islamic transaction between two parties in which one party, the investor, provides capital for a venture project while the other, the entrepreneur, using his entrepreneurial skills, utilizes the capital to generate a profit. Profits arising from the mudarabah are distributed between the investor and entrepreneur according to a pre-determined ratio and any losses are borne by the investor alone. This is frequently used in corporate debt issues.

### **Transaction type: Musharakah**

**Description:** Partnership. A standard Islamic transaction in which two or more parties enter into any one of several related types of partnerships. In a typical musharakah agreement, two or more parties agree to provide capital (ra's mal) towards the financing of a commercial venture, share profits according to a stipulated ratio and share losses on the basis of equity participation.

### **Transaction type: Musharakah**

**Description:** An Islamic leasing contract. Instead of lending money and earning interest, Ijarah allows the bank to earn profits by charging rentals on the asset leased to the customer.

### **Transaction type: Istisna**

**Description:** Used for construction (manufacturing contract). The Bank assist in the construction of the unit on a piece of land either owned by the customer or



purchased on behalf of the customer. The customer owns the property on loan repayment.

**Transaction type: Takaful**

**Description:** Islamic insurance based on the principle of mutual assistance. Takaful provides mutual protection of assets and property and offers joint risk-sharing in the event of a loss by one of the participants. Takaful is similar to mutual insurance in that members are the insurers as well as the insured.

**Transaction type: Sukuk**

**Description:** Liquid, asset-backed, tradable treasury instrument (bond).



## 10. CONTACT DETAILS

Al Rajhi Bank  
Head Office  
PO Box 22330  
Riyadh  
11495  
Kingdom of Saudi Arabia

[www.alrajhibank.com.sa](http://www.alrajhibank.com.sa)

**For further information relating to corporate relations, marketing or advertising:**

### **Marketing & Corporate Communications**

**Mohammad Al Yami**  
Manager, corporate Communications  
[alyamims@alrajhibank.com.sa](mailto:alyamims@alrajhibank.com.sa)

**Yusuf Jehangir**  
Head of Marketing & Corporate Communications  
[jehangiry@alrajhibank.com.sa](mailto:jehangiry@alrajhibank.com.sa)