

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS
ENDED 30 SEPTEMBER 2015

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

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**REPORT ON REVIEW OF
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**To: The Shareholders of Al Rajhi Banking And
Investment Corporation
(A Saudi Joint Stock Company)**

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Al Rajhi Banking and Investment Corporation (“the Bank”) and its subsidiaries (collectively referred to as “the Group”) as of 30 September 2015 and the related interim consolidated statements of income, comprehensive income for the three-month and nine-month periods then ended, and the related interim consolidated statements of changes in shareholders’ equity and cash flows for the nine-month period then ended and the notes from (1) to (17) and (19) which form an integral part of these interim condensed consolidated financial statements. We have not reviewed note 18, nor the information related to “Basel III Pillar 3 Disclosure” cross-referenced therein, which is not required to be within the scope of our review. The Bank’s management is responsible for the preparation and presentation of these interim condensed consolidated financial statements 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”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with generally accepted standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with applicable Accounting Standards for Financial Institutions issued by SAMA and with International Accounting Standard No. 34.

Other regulatory matters

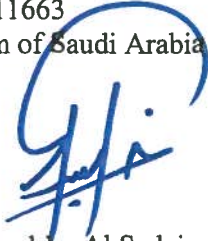
As required by SAMA, certain capital adequacy information has been disclosed in note (15) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (15) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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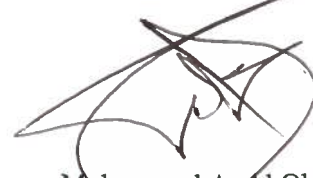


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13 Muharram 1437H
(26 October 2015)

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September	31 December	30 September
		2015	2014	2014
		SR'000	SR'000	SR'000
Notes	(Unaudited)	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and balances with Saudi Arabian Monetary Agency ("SAMA") and central banks				
		34,249,466	33,585,377	27,938,161
Due from banks and other financial institutions				
		26,023,575	16,516,208	16,194,630
Investments, net				
	3	45,344,742	42,549,623	42,808,552
Financing, net				
	4	209,910,332	205,939,960	203,647,504
Property and equipment, net				
		5,369,757	4,813,941	4,627,618
Other assets, net				
		4,314,757	4,306,446	3,497,177
TOTAL ASSETS		325,212,629	307,711,555	298,713,642
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions				
		5,432,956	2,135,237	1,512,288
Customers' deposits				
	5	265,480,427	256,077,047	250,028,992
Other liabilities				
		9,339,502	7,603,077	6,732,765
Total liabilities		280,252,885	265,815,361	258,274,045
Shareholders' equity				
Share capital				
	13	16,250,000	16,250,000	16,250,000
Statutory reserve				
		16,250,000	16,250,000	16,250,000
Other reserves				
	7	3,267,209	2,598,599	2,661,808
Retained earnings				
		9,192,535	4,828,845	5,277,789
Proposed gross dividends and Zakat				
		--	1,968,750	--
Total shareholders' equity		44,959,744	41,896,194	40,439,597
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		325,212,629	307,711,555	298,713,642

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF INCOME (UNAUDITED)

	Notes	For the three-month period ended		For the nine-month period ended	
		30 September		30 September	
		2015 SR'000	2014 SR'000	2015 SR'000	2014 SR'000
INCOME					
Gross financing and investment income		2,557,259	2,481,354	7,695,573	7,597,732
Return on customers' time investments		(62,570)	(103,172)	(223,265)	(299,289)
Net financing and investment income		2,494,689	2,378,182	7,472,308	7,298,443
Fee from banking services, net		542,815	726,541	1,854,665	2,327,025
Exchange income, net		280,286	238,256	779,037	710,552
Other operating (loss) / income	8	(122,727)	96,427	45,955	244,914
Total operating income		3,195,063	3,439,406	10,151,965	10,580,934
EXPENSES					
Salaries and employee related benefits		576,997	673,208	2,022,690	1,898,625
Rent and premises related expenses		52,143	65,228	192,315	192,424
Impairment charge for financing, other financial assets, net		419,974	597,095	1,409,190	1,889,142
Other general and administrative expenses		352,696	337,320	1,047,583	973,263
Depreciation and amortization		70,553	103,816	294,977	307,739
Board of Directors' remuneration and fees		1,300	1,125	3,900	3,375
Total operating expenses		1,473,663	1,777,792	4,970,655	5,264,568
Net income for the period		1,721,400	1,661,614	5,181,310	5,316,366
Earnings per share for the period (SR)	14	1.06	1.02	3.19	3.27

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2015	2014	2015	2014
	SR'000	SR'000	SR'000	SR'000
Net income for the period	1,721,400	1,661,614	5,181,310	5,316,366
<i>Other comprehensive income items that are or may be reclassified to consolidated statement of income in subsequent periods</i>				
Available-for-sale investments				
- Net change in fair value	(816)	965	(131)	5,132
- Net amounts transferred to consolidated statement of income	255	87	255	(145)
Exchange difference on translation of foreign operations	97,474	(4,998)	61,862	3,967
Total comprehensive income for the period	1,818,313	1,657,668	5,243,296	5,325,320

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (UNAUDITED)

	Notes	Share capital SR'000	Statutory reserve SR'000	Other reserves SR'000	Retained earnings SR'000	Proposed gross dividends SR'000	Total SR'000
For the nine-month period ended 30 September 2015							
Balance at the beginning of the period		16,250,000	16,250,000	2,598,599	4,828,845	1,968,750	41,896,194
Transfer to other reserves	7	--	--	750,000	--	(750,000)	--
Dividends paid for the second half of 2014	16	--	--	--	--	(1,218,750)	(1,218,750)
Dividends paid for the first half of 2015	16	--	--	--	(812,500)	--	(812,500)
Prior period adjustment		--	--	--	(5,120)	--	(5,120)
Net change in fair value of available-for-sale investments		--	--	(131)	--	--	(131)
Net amount transferred to consolidated statement of income		--	--	255	--	--	255
Net movement in foreign currency translation reserve		--	--	61,862	--	--	61,862
Net income recognized directly in equity		--	--	61,986	--	--	61,986
Net income for the period		--	--	--	5,181,310	--	5,181,310
Total comprehensive income for the period		--	--	61,986	5,181,310	--	5,243,296
Zakat paid during the period		--	--	(143,376)	--	--	(143,376)
Balance at the end of the period		16,250,000	16,250,000	3,267,209	9,192,535	--	44,959,744
For the nine-month period ended 30 September 2014							
Balance at the beginning of the period		15,000,000	15,000,000	2,161,292	4,086,423	2,250,000	38,497,715
Transfer to other reserves	7	--	--	750,000	--	(750,000)	--
Dividends paid for the second half of 2013	16	--	--	--	--	(1,500,000)	(1,500,000)
Dividends paid for the first half of 2014	16	--	--	--	(1,625,000)	--	(1,625,000)
Bonus shares issued	13	1,250,000	--	--	(1,250,000)	--	--
Transfer to statutory reserve		--	1,250,000	--	(1,250,000)	--	--
Net change in fair value of available for sale investments		--	--	5,132	--	--	5,132
Net amount transferred to consolidated statement of income		--	--	(145)	--	--	(145)
Net movement in foreign currency translation reserve		--	--	3,967	--	--	3,967
Net income recognized directly in equity		--	--	8,954	--	--	8,954
Net income for the period		--	--	--	5,316,366	--	5,316,366
Total comprehensive income for the period		--	--	8,954	5,316,366	--	5,325,320
Zakat paid during the period		--	--	(258,438)	--	--	(258,438)
Balance at the end of the period		16,250,000	16,250,000	2,661,808	5,277,789	--	40,439,597

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

AL RAJHI BANKING AND INVESTMENT CORPORATION
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INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (UNAUDITED)

	Notes	For the nine-month period ended 30 September	
		2015 SR'000	2014 SR'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income for the period		5,181,310	5,316,366
Adjustments to reconcile net income to net cash flow (used in) / generated from / (used in) operating activities:			
Loss / (gain) for investments held at fair value through statement of income (FVSI)	8	106,872	(149,104)
Depreciation and amortization		294,977	307,739
Gain on disposal of property and equipment, net		(5,845)	-
Impairment charge for financing and other financial assets, net		1,409,190	1,889,142
Share of profit from investment in an associate		(3,826)	(1,031)
Net (increase) / decrease in operating assets			
Statutory deposit with SAMA and central banks		(1,972,723)	(1,117,884)
Due from banks and other financial institutions with original maturity of more than three months		(9,459,084)	(5,787,030)
Investments held at FVSI		(1,154,836)	(217)
Financing, net		(5,379,562)	(18,723,421)
Other assets, net		48,430	237,968
Net increase / (decrease) in operating liabilities			
Due to banks and other financial institutions		3,297,719	(2,127,421)
Customers' deposits		9,403,380	18,439,879
Other liabilities		1,736,425	588,617
Net cash generated from / (used in) operating activities		3,502,427	(1,126,397)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property and equipment		(856,074)	(620,959)
Investment in an associate		(45,000)	--
Available-for-sale investments		255	(145)
Investments held at amortized cost		(1,698,459)	(3,080,010)
Proceeds from disposal of property and equipment		11,126	6,050
Net cash used in investing activities		(2,588,152)	(3,695,064)
CASH FLOWS FROM FINANCING ACTIVITY			
Dividends paid		(2,031,250)	(3,125,000)
Zakat paid		(143,376)	(258,438)
Net cash used in financing activity		(2,174,626)	(3,383,438)
Net change in cash and cash equivalents		(1,260,351)	(8,204,899)
Cash and cash equivalents at beginning of the period		22,231,985	22,564,832
Cash and cash equivalents at end of the period	9	20,971,634	14,359,933
Supplemental non-cash information:			
Net change in fair value less realized gain / (loss) on available for sale investments		124	4,987
Transfer of Zakat provision from other reserves		143,376	258,438

The accompanying notes from 1 to 19 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**
FOR THE THREE MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

1. GENERAL

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

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

Al Rajhi Bank
Olaya Street
P.O. Box 28
Riyadh 11411
Kingdom of Saudi Arabia

The objective of the Bank is to carry out banking and investment activities in accordance with its Articles of Association and By-laws, the Banking Control Law and the Council of Ministers Resolution referred to above. The Bank is engaged in banking and investment activities for its own account and on behalf of others inside and outside the Kingdom of Saudi Arabia. The Bank has established certain subsidiary companies (together with the Bank hereinafter referred to as "the Group") in which it owns all or the majority of their shares (see note 2).

Shari'a Authority

As a commitment from the Bank for its activities to be in compliance with Islamic Shari'a legislations, the Bank has a Shari'a Authority in place to ascertain that the Bank's activities are subject to its approval and control. The Shari'a Authority reviews many of the Bank's activities and issues the required verdicts thereon.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the accounting standards for financial institutions promulgated by the Saudi Arabian Monetary Agency ("SAMA") and International Accounting Standard No. 34 "Interim Financial Reporting". The Bank 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 of the information required for the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements as of and for the year ended 31 December 2014.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED)**
FOR THE THREE MONTH AND NINE-MONTH PERIOD ENDED 30 SEPTEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of preparation (continued)

Preparation of the interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended 31 December 2014.

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

Basis of consolidation

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments have been made to the interim condensed consolidated financial statements of the subsidiaries, where necessary, to align with the Bank's interim condensed consolidated financial statements.

(a) Subsidiaries

Subsidiaries are the entities that are controlled by the Group. The Group controls an entity when, it is exposed, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity.

When the Group has less than a majority of the voting or similar rights of an investee entity, it considers relevant facts and circumstances in assessing whether it has power over the entity, including:

- The contractual arrangement with the other voters of the investee entity
 - Rights arising from other contractual arrangements
 - The Group's current and potential voting rights granted by equity instruments such as shares
- The Group re-assesses at each period end whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control.

Subsidiaries are consolidated from the date on which the control is transferred to the Group and are ceased to be consolidated from the date on which the control is transferred from the Group. The results of subsidiaries acquired or disposed of during the period are included in the interim statements of comprehensive income from the date of the acquisition or up to the date of disposal, as appropriate.

AL RAJHI BANKING AND INVESTMENT CORPORATION
(A SAUDI JOINT STOCK COMPANY)

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries (collectively referred to as “the Group”). As at 30 September 2015, the following subsidiaries were included in the interim condensed consolidated financial statements:

Name of subsidiaries	Shareholding %		
	2015	2014	
Al Rajhi Development Company – Saudi Arabia	100	100	A limited liability company registered in Kingdom of Saudi Arabia to support the mortgage programs of the Bank through transferring and holding the title deeds of real estate properties under its name on behalf of the Bank, collection of revenue of certain properties sold by the Bank, provide real estate and engineering consulting services, provide documentation service to register the real estate properties and overseeing the evaluation of real estate properties.
Al Rajhi Corporation Limited – Malaysia	100	100	A licensed Islamic Bank under the Islamic Financial Services Act 2013, incorporated and domiciled in Malaysia.
Al Rajhi Capital Company – Saudi Arabia	100	100	A limited liability company registered in Kingdom of Saudi Arabia to act as principal agent and/or to provide brokerage, underwriting, managing, advisory, arranging and custodial services.
Al Rajhi Bank – Kuwait	100	100	A foreign Branch Registered with the central Bank of Kuwait.
Al Rajhi Bank – Jordan	100	100	A foreign Branch operating in Hashimi Kingdom of Jordan, providing all financial, banking, and investments services and importing and trading in precious metals and stones in accordance with Islamic Sharia’a rules and under the applicable banking law.
Al Rajhi Takaful Agency Company – Saudi Arabia	99	99	A limited liability company registered in Kingdom of Saudi Arabia to act as an agent for insurance brokerage activities per the agency agreement with Al Rajhi Cooperative insurance company.
Al Rajhi Company for Management Services – Saudi Arabia	100	100	A limited liability company registered in Kingdom of Saudi Arabia to provide recruitment services.

Since the subsidiaries are wholly or substantially owned by the Bank, the non-controlling interest is insignificant and therefore not disclosed.

**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (CONTINUED)**
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the year ended 31 December 2014, except for the adoption of the following amendments to existing standards, which have had no significant impact on these interim condensed consolidated financial statements of the Group on the current period or prior period and is expected to have no significant effect in future periods:

- Amendments to IAS 19 applicable for annual periods beginning on or after 1 July 2014 is applicable to defined benefit plans involving contribution from employees and / or third parties. This provides relief, based on meeting certain criteria's, from the requirements proposed in the amendments of 2011 for attributing employee / third party contributions to periods of service under the plan benefit formula or on a straight line basis. The current amendment gives an option, if conditions satisfy, to reduce service cost in period in which the related service is rendered.
- Annual improvements to IFRS 2010-2012 and 2011-2013 cycle applicable for annual periods beginning on or after 1 July 2014. A summary of the amendments is contained as under:
 - o IFRS 2 amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
 - o IFRS 3 – "business combinations" amended to clarify the classification and measurement of contingent consideration in a business combination. It has been further amended to clarify that the standard does not apply to the accounting for the formation of all types of joint arrangements in IFRS 11.
 - o IFRS 8 – "operating segments" has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria.
 - o IFRS 13 has been amended to clarify measurement of interest free short term receivables and payables at their invoiced amount without discounting, if the effect of discounting is immaterial. It has been further amended to clarify that the portfolio exception potentially applies to contracts in the scope of IAS 39 and IFRS 9 regardless of whether they meet the definition of a financial asset or financial liability under IAS 32.
 - o IAS 16 – "Property plant and equipment" and IAS 38 – "intangible assets": – the amendments clarify the requirements of revaluation model recognizing that the restatement of accumulated depreciation (amortisation) is not always proportionate to the change in the gross carrying amount of the asset.
 - o IAS 24 – "related party disclosures" – the definition of a related party is extended to include a management entity that provides key management personnel services to the reporting entity, either directly or indirectly.

Financial risk management

The Bank's financial risk management objectives and policies are consistent with those disclosed in the annual consolidated financial statements for the year ended 31 December 2014.

AL RAJHI BANKING AND INVESTMENT CORPORATION
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NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

3. INVESTMENTS, NET

Investments comprise the following:

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Investment in an associate (3.1)	72,486	23,660	22,953
Investments held at amortized cost			
Murabaha with SAMA	41,435,332	39,866,296	39,845,640
Sukuk and Murabaha, net	1,637,362	1,507,939	1,631,389
Total investments held at amortized cost	43,072,694	41,374,235	41,477,029
Investments held at FVSI			
Equity investments	693,461	786,257	937,473
Mutual funds	1,265,091	124,331	128,504
Total investments held at FVSI	1,958,552	910,588	1,065,977
Available-for-sale investments - Mutual funds	241,010	241,140	242,593
Total investments	45,344,742	42,549,623	42,808,552

3.1 The Bank owns 22.5% (31 December 2014: 22.5%; 30 September 2014: 22.5%) of the shares of Al Rajhi Company for Cooperative Insurance, a Saudi Joint Stock Company. During the nine-month period ended 30 September 2015, the Bank has invested SR 45 million as its share of the increase in capital of Al Rajhi Company for Cooperative Insurance.

AL RAJHI BANKING AND INVESTMENT CORPORATION
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**NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL
STATEMENTS (UNAUDITED) (CONTINUED)**
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

4 FINANCING, NET

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Held at amortized cost			
Corporate Mutajara	40,229,579	39,720,497	39,738,748
Installment sales	158,940,439	153,883,993	151,224,977
Murabaha	13,259,012	14,433,268	14,515,480
Visa cards	140,140	440,799	404,234
Performing financing	212,569,170	208,478,557	205,883,439
Non-performing financing	2,910,924	2,655,729	3,157,488
Gross financing	215,480,094	211,134,286	209,040,927
Provision for financing impairment	(5,569,762)	(5,194,326)	(5,393,423)
Financing, net	209,910,332	205,939,960	203,647,504

5 CUSTOMERS' DEPOSITS

Customers' deposits comprise the following:

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Current deposits	253,193,013	228,791,014	224,460,350
Time investments	8,400,390	22,513,661	21,519,539
Other customers' accounts	3,887,024	4,772,372	4,049,103
Total	265,480,427	256,077,047	250,028,992

NOTES TO INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED) (CONTINUED)
FOR THE THREE-MONTH AND NINE-MONTH PERIODS ENDED 30 SEPTEMBER 2015

6 MUDARABA FUNDS AND CONTINGENT LIABILITIES

Mudaraba funds and contingent liabilities comprise the following:

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Mudaraba funds			
Mudaraba and customers' investments	14,588,484	12,947,486	13,976,238
Total Mudaraba funds	14,588,484	12,947,486	13,976,238
Contingent liabilities			
Letters of credit and acceptances	3,613,208	4,379,984	4,009,763
Letters of guarantee	7,293,922	7,386,363	7,569,479
Irrevocable commitments to extend credit	4,120,301	7,084,928	5,265,310
Total contingent liabilities	15,027,431	18,851,275	16,844,552
Total Mudaraba funds and contingent liabilities	29,615,915	31,798,761	30,820,790

The Bank becomes party to litigation matters in the ordinary course of business, which are being defended in the court of law. While the ultimate results of these matters cannot be determined with certainty, the Bank's management does not expect that they will have a material adverse effect on the interim condensed consolidated financial statements of the Bank except to the extent already provided in these financial statements.

7 OTHER RESERVES

This includes Zakat calculated by the Bank and retained in other reserves until such time that the final amount of Zakat payable can be determined at which time the amount of Zakat payable is transferred from other reserves to other liabilities. Further, it also includes employee share plan whereby, the Bank grants its shares to certain eligible employees. The exercise price of the stock option is the market value of these shares at the date of granting the program to those employees. The condition for granting these options is the completion of two years of employment with the Bank. Exercising these stock options by the employees is subject to fulfillment of some requirements for profitability and growth in the Bank. The Bank has no legal or constructive commitment to repurchase or settle these options in cash. During the nine months period ended 30 September 2015, there has been no change in the status of the Bank's zakat assessments. The Bank's position with respect to the assessments have remained the same as disclosed in the annual financial statement for the year ended 31 December 2014.

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8 OTHER OPERATING (LOSS) / INCOME

Other operating (loss) / income for the period ended 30 September, comprises the following:

	Notes	For the three-month period ended 30 September		For the nine-month period ended 30 September	
		2015 SR'000	2014 SR'000	2015 SR'000	2014 SR'000
Dividend income		6,614	13,066	27,947	30,477
Gain on sale of property and equipment		2	22	5,845	22
Share of profit from investment in an associate		3,243	2,592	3,826	1,031
(Loss) / gain for investments held at fair value through statement of income (FVSI)		(175,542)	54,678	(106,872)	149,104
Others		42,956	26,069	115,209	64,280
Total		(122,727)	96,427	45,955	244,914

9 CASH AND CASH EQUIVALENTS

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

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Cash	11,282,101	8,963,159	11,705,427
Balances with SAMA and central banks (current accounts)	5,513,208	9,140,784	822,753
Due from banks and other financial institutions (current accounts and Murabaha)	9.1 4,176,325	4,128,042	1,831,753
Total	20,971,634	22,231,985	14,359,933

9.1 Murabaha due from other banks mature within three months, or less, from the date of acquisition.

10 BUSINESS SEGMENTS

Business segments are identified on the basis of internal reports about the activities of the Bank that are regularly reviewed by the Chief Operating Decision Maker in order to allocate resources to the segments and to assess its performance.

Transactions between the different segments are based on normal commercial terms and conditions. Assets and liabilities for the segments comprise operating assets and liabilities, which represent the majority of the Bank's assets and liabilities.

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10. BUSINESS SEGMENTS (Continued)

The Bank carries out its activities principally in the Kingdom of Saudi Arabia, and has seven subsidiaries (30 September 2014: Seven) of which three are registered outside the Kingdom of Saudi Arabia.

The Group's reporting segments are as follows:

- Retail : Includes individual customer deposits, credit facilities, customer debit current accounts (overdrafts), fee from banking services and remittance business.
- Corporate : Incorporates deposits of VIP, corporate customer deposits, credit facilities, and debit current accounts (overdrafts).
- Treasury : Incorporates treasury services, murabaha with SAMA and credit facilities
- Investments services : Incorporates investments of individuals and corporate in mutual funds, and brokerage local and international shares trading services and investment portfolios services

The Group's total assets and liabilities as at 30 September 2015 and 2014 together with the total operating income and expenses and net income for the nine month periods then ended for each business segment are analyzed as follows:

30 September 2015 (Unaudited)	Retail SR'000	Corporate SR'000	Treasury SR'000	Investment services and brokerage SR'000	Total SR'000
Total assets	170,618,005	60,963,241	91,857,156	1,774,227	325,212,629
Total liabilities	228,037,498	48,431,698	3,652,786	130,903	280,252,885
Gross financing and investments income	6,159,888	1,405,977	100,150	29,558	7,695,573
Return on customers' time investments	(85,060)	(133,962)	(4,243)	--	(223,265)
Fee from banking services, net	1,089,620	384,955	35,775	344,315	1,854,665
Exchange income, net	--	--	779,037	--	779,037
Other operating income	127,241	8,627	(154,100)	64,187	45,955
Total operating income	7,291,689	1,665,597	756,619	438,060	10,151,965
Impairment charge for financing	(1,084,188)	(325,002)	--	--	(1,409,190)
Depreciation and amortization	(285,689)	(4,343)	(1,908)	(3,037)	(294,977)
Other operating expenses	(2,863,043)	(254,707)	(39,935)	(108,803)	(3,266,488)
Total operating expenses	(4,232,920)	(584,052)	(41,843)	(111,840)	(4,970,655)
Net income for the period	3,058,769	1,081,545	714,776	326,220	5,181,310

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10. BUSINESS SEGMENTS (CONTINUED)

30 September 2014 (Unaudited)	Retail SR'000	Corporate SR'000	Treasury SR'000	Investment services and brokerage SR'000	Total SR'000
Total assets	160,096,125	61,579,838	75,824,253	1,213,426	298,713,642
Total liabilities	195,490,399	58,528,661	4,254,985	-	258,274,045
Gross financing and investments income	6,142,703	1,297,268	126,937	30,824	7,597,732
Return on customers' time investments	(110,097)	(154,611)	(33,106)	(1,475)	(299,289)
Fee from banking services, net	1,416,519	461,596	31,882	417,028	2,327,025
Exchange income, net	--	--	710,552	--	710,552
Other operating income	64,314	--	180,600	--	244,914
Total operating income	7,513,439	1,604,253	1,016,865	446,377	10,580,934
Impairment charge for financing and other provisions	(1,219,221)	(669,921)	--	--	(1,889,142)
Depreciation and amortization	(297,591)	(6,151)	(202)	(3,795)	(307,739)
Other operating expenses	(2,662,627)	(243,909)	(47,037)	(114,114)	(3,067,687)
Total operating expenses	(4,179,439)	(919,981)	(47,239)	(117,909)	(5,264,568)
Net income for the period	3,334,000	684,272	969,626	328,468	5,316,366

11 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

Determination of fair value and fair value hierarchy

The Bank uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: quoted prices (unadjusted) in active markets for the identical instrument (i.e. without modification or additions).

Level 2: quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data.

Level 3: valuation techniques for which any significant input is not based on observable market data.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability

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11 FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (CONTINUED)

The fair values of on-balance sheet financial instruments are not significantly different from the carrying values included in the consolidated financial statements. The fair values of financing, due from and due to banks and customers' deposits which are carried at amortized cost, are not significantly different from the carrying values included in the financial statements, since the current market commission rates for similar financial instruments are not significantly different from the contracted rates, and for the short duration of due from and due to banks.

Fair value hierarchy of financial assets is as follows:

30 September 2015	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	SR'000			
Financial assets				
Financial assets - Held at FVSI	670,000	1,265,091	23,461	1,958,552
Financial assets - Available-for-sale	--	241,010	--	241,010
	<u>670,000</u>	<u>1,506,101</u>	<u>23,461</u>	<u>2,199,562</u>

FVSI and Available-for-sale investments classified as level 2 include mutual funds, the fair value of which is determined based on the fund's latest reported net assets value (NAV) as at the date of statement of interim condensed consolidated financial position.

Investments held at FVSI classified as level 3 represent equity investments recorded at cost as its fair value cannot be measured reliably.

31 December 2014	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	SR'000			
Financial assets				
Financial assets - Held at FVSI	762,765	124,331	23,492	910,588
Financial assets - Available-for-sale	--	241,140	--	241,140
	<u>762,765</u>	<u>365,471</u>	<u>23,492</u>	<u>1,151,728</u>

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12 RELATED PARTY TRANSACTIONS

In the ordinary course of business, the Bank transacts with related parties. The related party transactions are governed by limits set by the Banking Control Law and the regulations issued by SAMA. The nature and balances resulting from such transactions as at and for the period ended 30 September are as follows:

Related party	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Members of the Boards of Directors and key management personnel:			
Financing	1,172,216	4,686,529	4,294,893
Commitments and contingent liabilities*	384,421	421,889	441,847
Current accounts	70,656	40,301	-
Other major shareholders (above 5% of the Bank's share capital):			
Other liabilities	23,110	22,386	22,588
Affiliate to members of Board of Directors, Key management personnel and other major shareholders:			
Financing	402,949	1,395,782	1,427,847
Commitments and contingent liabilities	--	4,667	25,669
Mutual funds:			
Investments in mutual funds	1,506,101	365,471	371,097

*off-balance sheet items

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12 RELATED PARTY TRANSACTIONS (Continued)

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

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2015	2014	2015	2014
	SR'000	SR'000	SR'000	SR'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Income from financing	15,013	24,161	48,451	59,695
Air ticket expenses paid to an affiliate	1,348	1,900	3,903	10,346
Rent and premises' related expenses	353	353	1,059	1,059
Board of Directors' remunerations	1,300	1,125	3,900	3,375

The compensation amounts for executive management are summarized as follows:

	For the three-month period ended 30 September		For the nine-month period ended 30 September	
	2015	2014	2015	2014
	SR'000	SR'000	SR'000	SR'000
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Short-term benefits	2,087	5,400	14,231	21,317
Provision for end-of-service benefits	350	429	829	1,079

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

13 SHARE CAPITAL

The authorised, issued and fully paid share capital of the Bank consists of 1,625 million shares of SAR 10 each (31 December 2014: 1,625 million shares; 30 September 2014: 1,625 million shares). During the nine-month period ended 30 September 2014, the Board of Directors of the Bank proposed a bonus issue of 125,000,000 shares of SR 10 each, which was approved by the shareholders in the extra ordinary general assembly meeting held on 14 Jumada Al Thani, 1435H (corresponding to 14 April 2014).

14 EARNINGS PER SHARE

Earnings per share for the three-month and nine-month periods ended 30 September 2015 and 2014 have been calculated by dividing the net income for the period by the weighted average number of shares outstanding at each period-end.

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15 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.

Capital adequacy and the use of regulatory capital are monitored daily by the Bank's management. SAMA requires the banks to hold the minimum level of the regulatory capital and also to maintain a ratio of total regulatory capital to the risk-weighted assets at or above 8%.

The Bank uses the methods established by SAMA for measuring the capital adequacy. These methods measure the capital adequacy by comparing the eligible capital items with the consolidated financial position, commitments and contingent liabilities to reflect their relative risks as shown in the following table:

	30 September 2015 (Unaudited) SR'000	31 December 2014 (Audited) SR'000	30 September 2014 (Unaudited) SR'000
Credit risk RWA	211,639,155	202,080,035	201,353,197
Operational risk RWA	23,971,738	23,971,738	23,575,018
Market risk RWA	7,180,725	683,906	1,516,075
Total RWA	242,791,618	226,735,679	226,444,290
Tier I capital	44,959,744	41,896,194	40,439,597
Tier II capital	2,645,489	2,526,000	2,516,915
Total tier I & II capital	47,605,233	44,422,194	42,956,512
Capital adequacy ratio %			
Tier I ratio	18.52%	18.48%	17.86%
Tier I + II ratio	19.61%	19.59%	18.97%

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16 DIVIDENDS

The Extra Ordinary General Meeting held on 10 Jumada' I, 1436H (corresponding to 1 March 2015), approved the distribution of dividends to shareholders for the second half of the year ended 31 December 2014 amounting to SR 1,218.75 million as SR 0.75 per share net of Zakat deduction on shareholders amounting to SR 750 million.

The Extraordinary General Assembly held on 14 Jumada II 1435 AH (corresponding to 14 April 2014), approved the distribution of dividends to shareholders for the second half of the fiscal year ended 31 December 2013, amounting to SR 1,500 million Saudi Riyals at the rate of SR 1 per share net of deduction of Zakat on shareholders amounting to SR 750 million.

The Board of Directors of the Bank recommended on Monday, 6 July 2015 to distribute dividends to shareholders for the first half of the current fiscal year, amounting to SR 812.5 million as SR 0.5 per share net of Zakat deduction on shareholders.

17 COMPARATIVE FIGURES

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

18 BASEL III PILLAR 3 DISCLOSURES

Certain additional disclosures related to the Bank's capital structure are required under Basel III. These disclosures will be made available to the public on the Bank's website (www.alrajhibank.com.sa) as required by SAMA. Such disclosures are not subject to review or audit by the external auditors of the Bank.

19 APPROVING FINANCIAL STATEMENTS

The financial statements have been approved on 13 October 2015 (corresponding to 30 Dhul-Hijjah 1436H).