

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2014	31 December 2013	30 September 2013
	Notes	SAR'000 (Unaudited)	SAR'000 (Audited)	SAR'000 (Unaudited)
<b>ASSETS</b>				
Cash and balances with SAMA		19,728,898	20,928,549	23,295,268
Due from banks and other financial institutions		5,074,669	4,438,656	6,418,474
Investments, net	5	46,855,024	43,538,091	38,025,481
Loans and advances, net	6	140,701,480	131,190,557	129,902,838
Investment in associates		457,033	442,297	430,044
Other real estate		390,161	437,368	422,162
Property and equipment, net		1,649,971	1,662,650	1,677,445
Other assets		2,212,174	2,608,311	1,627,648
<b>Total assets</b>		<b>217,069,410</b>	<b>205,246,479</b>	<b>201,799,360</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		9,233,294	7,577,980	9,074,704
Customer deposits	7	161,641,314	153,199,880	154,193,879
Debt securities in issue		4,000,000	4,000,000	-
Other liabilities		7,328,640	6,598,295	5,978,356
<b>Total liabilities</b>		<b>182,203,248</b>	<b>171,376,155</b>	<b>169,246,939</b>
<b>Shareholders' equity</b>				
Share capital	13	30,000,000	15,000,000	15,000,000
Statutory reserve	13	-	14,328,376	13,341,600
Other reserves		1,428,402	1,184,564	896,946
Retained earnings		3,437,760	1,957,384	3,313,875
Proposed dividends		-	1,400,000	-
<b>Total shareholders' equity</b>		<b>34,866,162</b>	<b>33,870,324</b>	<b>32,552,421</b>
<b>Total liabilities and shareholders' equity</b>		<b>217,069,410</b>	<b>205,246,479</b>	<b>201,799,360</b>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2014	2013	2014	2013
	SAR'000	SAR'000	SAR'000	SAR'000
Special commission income	1,495,497	1,405,891	4,437,080	4,050,730
Special commission expense	179,788	191,341	635,351	580,253
<b>Net special commission income</b>	<b>1,315,709</b>	<b>1,214,550</b>	<b>3,801,729</b>	<b>3,470,477</b>
Fee and commission income, net	462,074	421,085	1,560,512	1,358,105
Exchange income, net	73,792	58,702	186,348	175,347
Trading losses, net	(726)	(924)	(827)	(2,693)
Dividend income	17,252	20,708	54,703	63,157
Gains on non-trading investments, net	112,708	500	339,987	131,287
Other operating income	9,439	24,065	74,799	83,123
<b>Total operating income</b>	<b>1,990,248</b>	<b>1,738,686</b>	<b>6,017,251</b>	<b>5,278,803</b>
Salaries and employee-related expenses	368,485	309,173	1,056,119	951,561
Rent and premises-related expenses	78,590	62,180	234,695	187,089
Depreciation of property and equipment	61,054	66,435	187,829	203,382
Other general and administrative expenses	196,899	175,827	564,752	538,700
Impairment charge for credit losses, net	217,400	139,616	684,144	527,956
Impairment charge for investments, net	-	-	-	(22,000)
Other operating expenses	10,572	6,744	32,881	19,801
<b>Total operating expenses</b>	<b>933,000</b>	<b>759,975</b>	<b>2,760,420</b>	<b>2,406,489</b>
<b>Income from operating activities</b>	<b>1,057,248</b>	<b>978,711</b>	<b>3,256,831</b>	<b>2,872,314</b>
Share in earnings of associates, net	19,041	19,215	35,169	44,506
<b>Net income for the period</b>	<b>1,076,289</b>	<b>997,926</b>	<b>3,292,000</b>	<b>2,916,820</b>
Basic and diluted earnings per share for the period (in SAR)-Note 13	0.36	0.33	1.10	0.97

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	For the three months period ended 30 September		For the nine months period ended 30 September	
	2014 <u>SAR'000</u>	2013 <u>SAR'000</u>	2014 <u>SAR'000</u>	2013 <u>SAR'000</u>
Net income for the period	1,076,289	997,926	3,292,000	2,916,820
Other comprehensive income:				
- Available for sale investments				
Net changes in fair value	98,474	(69,780)	573,570	(120,111)
Net changes in fair value transferred to interim condensed consolidated income statement	<u>(112,356)</u>	<u>(1,480)</u>	<u>(329,732)</u>	<u>(105,535)</u>
	<u>(13,882)</u>	<u>(71,260)</u>	<u>243,838</u>	<u>(225,646)</u>
- Cash flow hedges				
Effective portion of net changes in fair value	-	-	-	(1,529)
Net changes in fair value transferred to interim condensed consolidated income statement	-	-	-	(734)
	-	-	-	(2,263)
Other comprehensive income for the period	<u>(13,882)</u>	<u>(71,260)</u>	<u>243,838</u>	<u>(227,909)</u>
Total comprehensive income for the period	<u>1,062,407</u>	<u>926,666</u>	<u>3,535,838</u>	<u>2,688,911</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (Unaudited)

For the nine months period ended 30 September 2014 & 2013

	SAR'000						
	Share capital	Statutory reserve	Other reserves		Retained earnings	Proposed dividends	Total
			Available for sale investments	Cash flow hedges			
<u>30 September 2014</u>							
Balance at the beginning of the period	15,000,000	14,328,376	1,184,564	-	1,957,384	1,400,000	33,870,324
Final dividends paid - 2013	-	-	-	-	-	(1,400,000)	(1,400,000)
Transfer from retained earnings	-	671,624	-	-	(671,624)	-	-
Issue of bonus shares (Note 13)	15,000,000	(15,000,000)	-	-	-	-	-
Total comprehensive income for the period	-	-	243,838	-	3,292,000	-	3,535,838
Interim dividends - 2014 (Note 14)	-	-	-	-	(1,140,000)	-	(1,140,000)
Balance at the end of the period	<u>30,000,000</u>	<u>-</u>	<u>1,428,402</u>	<u>-</u>	<u>3,437,760</u>	<u>-</u>	<u>34,866,162</u>
<u>30 September 2013</u>							
Balance at the beginning of the period	15,000,000	13,341,600	1,122,592	2,263	1,372,055	1,125,000	31,963,510
Total comprehensive income for the period	-	-	(225,646)	(2,263)	2,916,820	-	2,688,911
Final dividends paid - 2012	-	-	-	-	-	(1,125,000)	(1,125,000)
Interim dividends - 2013 (Note 14)	-	-	-	-	(975,000)	-	(975,000)
Balance at the end of the period	<u>15,000,000</u>	<u>13,341,600</u>	<u>896,946</u>	<u>-</u>	<u>3,313,875</u>	<u>-</u>	<u>32,552,421</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)**

For the nine months period ended 30 September 2014 & 2013

	For the nine months period ended	
	2014	2013
	Notes	
	SAR'000	SAR'000
<b>OPERATING ACTIVITIES</b>		
Net income for the period		
	3,292,000	2,916,820
<b>Adjustments to reconcile net income for the period to net cash from (used in) operating activities:</b>		
Amortisation of premium (accretion of discounts) on non-trading investments, net	(95,288)	(42,029)
Gains on non-trading investments, net	(339,987)	(131,287)
Depreciation of property and equipment	187,829	203,382
Impairment charge for credit losses, net	684,144	527,956
Impairment charge for investments, net	-	(22,000)
Share in earnings of associates, net	(35,169)	(44,506)
	<u>3,693,529</u>	<u>3,408,336</u>
<b>Net (increase) decrease in operating assets:</b>		
Statutory deposit with SAMA	(721,861)	(482,958)
Due from banks and other financial institutions maturing after three months from date of acquisition	1,148,027	(1,019,960)
Loans and advances	(10,195,067)	(12,960,140)
Other real estate	47,207	36,223
Other assets	396,137	2,760,713
<b>Net increase (decrease) in operating liabilities:</b>		
Due to banks and other financial institutions	1,655,314	2,911,736
Customer deposits	8,441,434	7,979,312
Other liabilities	624,967	59,372
	<u>5,089,687</u>	<u>2,692,634</u>
<b>Net cash from operating activities</b>		
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of non-trading investments	18,215,841	13,514,922
Purchase of non-trading investments	(20,833,228)	(15,294,510)
Purchase of property and equipment, net	(175,150)	(142,925)
	<u>(2,792,537)</u>	<u>(1,922,513)</u>
<b>Net cash used in investing activities</b>		
<b>FINANCING ACTIVITIES</b>		
Dividend and zakat paid	(2,434,622)	(2,020,809)
	<u>(2,434,622)</u>	<u>(2,020,809)</u>
<b>Net cash used in financing activities</b>		
<b>Net decrease in cash and cash equivalents</b>		
	(137,472)	(1,250,688)
Cash and cash equivalents at the beginning of the period	16,008,972	22,008,689
<b>Cash and cash equivalents at the end of the period</b>	10 <u>15,871,500</u>	<u>20,758,001</u>
Special commission received during the period	4,351,674	3,951,278
Special commission paid during the period	<u>695,842</u>	<u>560,853</u>
<b>Supplemental non-cash information</b>		
Net changes in fair value and transfer to interim condensed consolidated income statement	<u>243,838</u>	<u>(227,909)</u>

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****For the nine months period ended 30 September 2014 & 2013****1. GENERAL**

Riyad Bank (the "Bank") is a Saudi Joint Stock Company incorporated in the Kingdom of Saudi Arabia, formed pursuant to the Royal Decree and the Council of Ministers' Resolution No. 91 dated 1 Jumad Al-Awal 1377H (corresponding to 23 November 1957G). The Bank operates under commercial registration No. 1010001054 dated 25 Rabi Al-Thani 1377H (corresponding to 18 November 1957G) through its 316 branches (30 September 2013: 252) in the Kingdom of Saudi Arabia, a branch in London, United Kingdom, an agency in Houston, United States, and a representative office in Singapore. The Bank's Head Office is located at the following address:

Riyad Bank  
P.O. Box 22622  
Riyadh 11416  
Kingdom of Saudi Arabia

The objective of the Bank is to provide a full range of banking services. The Bank also provides to its customers Islamic (non-interest based) banking products which are approved and supervised by an independent Shariah Board established by the Bank.

The interim condensed consolidated financial statements comprise the interim condensed financial statements of Riyad Bank and its wholly owned subsidiaries; Riyad Capital, Ithra Al-Riyad Real Estate Company and Riyad Company for Insurance Agency (collectively referred to as "the Group").

**2. 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 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. The interim condensed consolidated financial statements do not include all information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended 31 December 2013.

The preparation of 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 and 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 uncertainty were the same as those that applied to the annual consolidated financial statements as at and for the year ended 31 December 2013.

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousand except as otherwise indicated.

**3. BASIS OF CONSOLIDATION**

The interim condensed consolidated financial statements include the financial statements of the subsidiaries which are prepared for the same reporting period as that of the Bank, using consistent accounting policies.

Subsidiaries are investees controlled by the Group. The Group controls an investee when it is exposed to, or has rights to, variable returns from its involvement with the investee and has ability to affect those returns through its power over the investee.

The financial statements of the subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

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

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)****For the nine months period ended 30 September 2014 & 2013****3. BASIS OF CONSOLIDATION (continued)**

The Group acts as a Fund Manager to a number of investment funds. Determining whether the Group controls such an investment fund usually focuses on the assessment of the aggregate economic interests of the Group in the Fund (comprising any carried interests and expected management fees) and the investors rights to remove the Fund Manager. As a result the Group has concluded that it acts as an agent for the investors in all cases, and therefore has not consolidated these funds.

**4. SIGNIFICANT 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 2013 except for the adoption of the following amendments to existing standards mentioned below which has had an insignificant effect/no financial impact on the interim condensed consolidated financial statements of the Group.

- Amendments to IFRS 10, IFRS 12 and IAS 27 that provides consolidation relief for investments funds applicable from 1 January 2014. This mandatory consolidation relief provides that a qualifying investment entity is required to account for investments in controlled entities as well as investments in associates and joint ventures at fair value through profit or loss provided it fulfils certain conditions with an exception being that subsidiaries that are considered an extension of the investment entity's investing activities.

- IAS 32 amendment applicable from 1 January 2014 clarifies that a) an entity currently has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and processes receivables and payables in a single settlement process or cycle.

- IAS 36 amendment applicable retrospectively from 1 January 2014 addresses the disclosure of information about the recoverable amount of impaired assets limiting disclosures requirements if that amount is based on fair value less costs of disposal.

- IAS 39 amendment applicable from 1 January 2014 added a limited exception to IAS 39, to provide relief from discontinuing an existing hedging relationship when a novation that was not contemplated in the original hedging documentation meets specified criteria.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2014 & 2013

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR 000'	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Investments:			
- Available for sale	17,126,887	16,762,393	16,336,760
- Other investments held at amortised cost	29,492,288	26,089,756	20,993,612
- Held to maturity	235,849	685,942	695,109
<b>Total</b>	<b>46,855,024</b>	<b>43,538,091</b>	<b>38,025,481</b>

On September 1, 2008, the Group reclassified investments held in trading portfolio reported under its investments at fair value through income statement ("FVIS") category to the Available for sale category.

The carrying and fair value of these reclassified investments as at 30 September 2014 was SAR 3,556 million (30 September 2013: SAR 3,923 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three and nine months period ended 30 September 2014 would have included unrealised fair value loss on such reclassified investments amounting to SAR 18.7 million and unrealised fair value gain on such reclassified investments amounting to SAR 123.8 million respectively (30 September 2013: unrealised gains of SAR 52 million and SAR 127.8 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR 000'	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Consumer Loans	38,142,588	33,301,278	32,889,425
Commercial loans and overdrafts	102,635,632	97,669,628	96,795,730
Credit Cards	998,743	886,824	888,105
Performing Loans and Advances	141,776,963	131,857,730	130,573,260
Non performing loans and advances	1,277,402	1,264,522	1,420,204
Gross loans and advances	143,054,365	133,122,252	131,993,464
Allowance for impairment	(2,352,885)	(1,931,695)	(2,090,626)
<b>Loans and advances held at amortised cost, net</b>	<b>140,701,480</b>	<b>131,190,557</b>	<b>129,902,838</b>

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR 000'	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
Demand	73,802,724	67,555,265	63,930,278
Saving	288,231	281,760	297,440
Time	78,260,540	75,175,644	77,099,263
Other	9,289,819	10,187,211	12,866,898
<b>Total</b>	<b>161,641,314</b>	<b>153,199,880</b>	<b>154,193,879</b>



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2014 & 2013

8. DERIVATIVES

The table below sets out the positive and negative fair values of derivative financial instruments, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor to market risk.

	30 September 2014 (Unaudited)			31 December 2013 (Audited)			30 September 2013 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
SAR 000'									
<b>Held for trading:</b>									
Special commission rate swaps	2,241	(2,240)	1,216,783	137	(133)	390,096	190	(185)	480,196
Forward foreign exchange contracts	554,436	(371,916)	82,850,998	364,096	(89,473)	66,398,305	255,980	(126,178)	59,498,259
Currency options	10,017	(10,017)	2,014,676	1,113	(1,044)	4,617,891	59,847	(60,134)	7,385,520
Commodity options	216	(216)	26,530	-	-	-	-	-	-
<b>Total</b>	<b>566,910</b>	<b>(384,389)</b>	<b>86,108,987</b>	<b>365,346</b>	<b>(90,650)</b>	<b>71,406,292</b>	<b>316,017</b>	<b>(186,497)</b>	<b>67,363,975</b>

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

a) The Group's credit related commitments and contingencies are as follows:

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
SAR 000'			
Letters of credit	14,799,896	17,848,362	17,446,173
Letters of guarantee	78,213,061	65,148,615	56,788,688
Acceptances	2,771,257	2,465,585	2,523,492
Irrevocable commitments to extend credit	13,386,764	14,290,718	12,217,584
<b>Total</b>	<b>109,170,978</b>	<b>99,753,280</b>	<b>88,975,937</b>

b) Others

During the period ended 30 September 2014, there has been no change in the status of the Group's Zakat assessments. The Group's position with respect to stance on these assessments, have remained same as disclosed in the annual consolidated financial statements for the year ended 31 December 2013.

10. CASH AND CASH EQUIVALENTS

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

	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
SAR 000'			
Cash and balances with SAMA excluding statutory deposit	11,433,238	13,354,750	15,915,482
Due from banks and other financial institutions maturing within three months from date of acquisition	4,438,262	2,654,222	4,842,519
<b>Total</b>	<b>15,871,500</b>	<b>16,008,972</b>	<b>20,758,001</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2014 & 2013

11. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

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 advantages accessible market for the asset or liability

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

Level 1: quoted market price: financial instruments with quoted prices for identical instruments in active markets.

Level 2: valuation technique using observable inputs: financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.

Level 3: valuation technique with significant unobservable inputs: financial instruments valued using valuation techniques where one or more significant inputs are unobservable. Valuations are based on Net Asset Value (NAV) per unit/share as per the statement provided by custodian for managed funds or the latest available audited financial statements for entities other than managed funds.

Fair value and fair value hierarchy

30 September 2014

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial instruments	-	566,910	-	566,910
Financial investments available for sale	15,590,063	147,645	1,389,179	17,126,887
<b>Financial Liabilities</b>				
Derivative financial instruments	-	384,389	-	384,389

30 September 2013

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial instruments	-	316,017	-	316,017
Financial investments available for sale	14,439,003	146,600	1,751,157	16,336,760
<b>Financial Liabilities</b>				
Derivative financial instruments	-	186,497	-	186,497

Reconciliation of movement in Level 3 (Unaudited)

	30 September 2014   SAR' 000	September 2013   SAR' 000
Opening balance	1,506,670	1,686,880
Total gains or losses		
- recognised in consolidated income statement	(41,867)	141
- recognised in other comprehensive income	73,227	78,787
Purchases	-	-
Redemption	(148,851)	(14,651)
<b>Closing balance</b>	<b>1,389,179</b>	<b>1,751,157</b>

There were no transfers between the fair value hierarchy levels.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2014 & 2013

12. OPERATING SEGMENTS

The Bank determines and presents operating segments based on the information that is provided internally to the chief operating decision maker in order to allocate resources to the segments and to assess its performance. The operating segments are managed separately based on the Group's management and internal reporting structure. The Group's primary business is conducted in the Kingdom of Saudi Arabia with one international branch, a representative office and an agency. However, the total assets, liabilities, commitments and results of operations of this branch, representative office and agency are not material to the Group's overall consolidated financial statements and as a result have not been separately disclosed. There are no other material items of income or expenses between the operating segments.

The Group's reportable segments under IFRS 8 are as follows:

**Retail banking**

Deposits, credit and investment products for individuals and small to medium sized businesses.

**Investment banking and brokerage**

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

**Corporate banking**

Principally handling corporate customers' current accounts, deposits and providing loans, overdrafts and other credit facilities and derivative products.

**Treasury and investment**

Principally providing money market trading and treasury services as well as the management of the Bank's investment portfolios.

**Other**

Includes income on capital and unallocated costs pertaining to head office, finance division, human resources, technology services and other support departments and unallocated assets and liabilities.

The Group's total assets and liabilities at 30 September 2014 & 2013 and its total operating income, total operating expenses and net income for the nine months periods then ended, by operating segments, are as follows:

30 September 2014		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	41,057,412	87,280	100,549,696	71,616,989	3,758,033	217,069,410
Total liabilities	55,432,947	75,230	99,931,770	23,714,956	3,048,345	182,203,248
Total operating income	1,884,831	307,887	2,671,199	953,934	199,400	6,017,251
Net special commission income	1,529,942	32,159	1,706,819	402,049	130,760	3,801,729
Fee and commission income, net	349,986	273,847	942,066	(5,387)	-	1,560,512
Total operating expenses	936,538	113,982	648,241	27,744	1,033,915	2,760,420
Depreciation and amortization	66,457	-	3,074	1,638	116,660	187,829
Impairment charge for credit losses, net	241,698	-	442,500	-	(54)	684,144
Impairment charge for investments, net	-	-	-	-	-	-
Share in earnings of associates, net	-	-	-	-	35,169	35,169
Net income (loss)	948,293	193,905	2,022,958	926,190	(799,346)	3,292,000

30 September 2013		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	34,423,485	72,976	96,579,079	67,483,249	3,240,571	201,799,360
Total liabilities	55,789,960	68,518	97,656,063	13,279,229	2,453,169	169,246,939
Total operating income	1,759,871	259,903	2,367,029	832,046	59,954	5,278,803
Net special commission income	1,418,309	21,280	1,551,286	491,141	(11,539)	3,470,477
Fee and commission income, net	338,143	239,646	787,824	(7,508)	-	1,358,105
Total operating expenses	875,774	97,216	530,861	6,829	895,809	2,406,489
Depreciation and amortization	75,413	-	278	1,515	126,176	203,382
Impairment charge for credit losses, net	196,513	-	331,443	-	-	527,956
Impairment charge for investments, net	-	-	-	(22,000)	-	(22,000)
Share in earnings of associates, net	-	-	-	-	44,506	44,506
Net income (loss)	884,097	162,687	1,836,168	825,217	(791,349)	2,916,820

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2014 & 2013

13. SHARE CAPITAL AND EARNINGS PER SHARE

Pursuant to the approval of the relevant authorities and the Bank's shareholders, in an Extra ordinary General Assembly held on 26 May 2014, the Bank has issued additional 1,500 million bonus shares to its existing shareholders (one bonus share for each existing share). After the increase the total number of shares have increased from 1,500 million shares to 3,000 million shares and the share capital of the Bank increased from SAR 15 billion to SAR 30 billion. This issue has been effected by transferring all of the accumulated statutory reserves and a part of the retained earnings as of 31 December 2013.

Basic and diluted earnings per share for the period ended 30 September 2014 and 2013, is calculated by dividing the net income for the period by the number of ordinary shares outstanding at the end of the period then ended to give a retroactive effect of the bonus share issue.

14. INTERIM DIVIDENDS

The Board of Directors initially approved interim dividends of SAR 1,140 million (2013: SAR 975 million), which was finally ratified and announced on 29 June 2014, resulting in dividends of SAR 0.38 per share (2013: SAR 0.65 per share) to the shareholders. Zakat will be determined and deducted from the shareholders' dividends at year-end.

15. CAPITAL ADEQUACY

The Group monitors the adequacy of its capital using the methodologies and ratios established by the Basel Committee on Banking Supervision and as adopted by SAMA, with a view to maintain a sound capital base to support its business development and meet regulatory capital requirement as defined by SAMA.

The Group management reviews on a periodical basis its capital base and level of risk weighted assets to ensure that capital is adequate for risks inherent in its current business activities and future growth plans. In making such assessments, the management also considers the Group's business plans along with economic conditions which directly and indirectly affects its business environment.

SAMA has issued the framework and guidance regarding implementation of the capital reforms under Basel III - which are effective from January 1, 2013. Accordingly, the Group's consolidated Risk Weighted Assets (RWA), total capital and related ratios on a consolidated group basis, calculated under the Basel III framework, are as follows:

SAR Millions	30 September 2014 (Unaudited)	31 December 2013 (Audited)	30 September 2013 (Unaudited)
<b>Risk weighted assets</b>			
Credit Risk	205,434	192,607	185,643
Operational Risk	12,210	11,609	11,469
Market Risk	549	309	894
Total Pillar-I risk weighted assets	<u>218,193</u>	<u>204,525</u>	<u>198,006</u>
<b>Eligible capital</b>			
Tier I Capital	34,866	33,870	32,553
Tier II Capital	1,072	1,072	1,072
Total Tier I & II Capital	<u>35,938</u>	<u>34,942</u>	<u>33,625</u>
Tier 1 Capital Adequacy Ratio %	16.0%	16.6%	16.4%
Total Capital Adequacy Ratio %	16.5%	17.1%	17.0%

16. COMPARATIVE FIGURES

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

17. BASEL III, PILLAR 3 - CAPITAL STRUCTURE DISCLOSURES

Certain quantitative disclosures under Basel III Pillar 3 on the Bank's capital structure are required to be published on Bank's website. These disclosures will be published on the Bank's website (www.riyadbank.com) as required by SAMA. Such disclosures are not subject to review/audit by the external auditors of the Bank.