

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	30 June 2014 SAR'000 (Unaudited)	31 December 2013 SAR'000 (Audited)	30 June 2013 SAR'000 (Unaudited)
ASSETS				
Cash and balances with SAMA		17,591,511	20,928,549	20,861,511
Due from banks and other financial institutions		3,657,225	4,438,656	3,877,701
Investments, net	5	46,309,668	43,538,091	35,408,287
Loans and advances, net	6	140,773,614	131,190,557	126,189,862
Investment in associates		441,706	442,297	421,682
Other real estate		399,780	437,368	434,084
Property and equipment, net		1,647,545	1,662,650	1,685,082
Other assets		3,171,292	2,608,311	2,749,011
Total assets		213,992,341	205,246,479	191,627,220
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		8,311,951	7,577,980	5,410,167
Customer deposits	7	160,099,873	153,199,880	147,879,059
Debt securities in issue		4,000,000	4,000,000	-
Other liabilities		7,776,762	6,598,295	6,712,239
Total liabilities		180,188,586	171,376,155	160,001,465
Shareholders' equity				
Share capital	13	30,000,000	15,000,000	15,000,000
Statutory reserve	13	-	14,328,376	13,341,600
Other reserves		1,442,284	1,184,564	968,206
Retained earnings		2,361,471	1,957,384	2,315,949
Proposed dividends		-	1,400,000	-
Total shareholders' equity		33,803,755	33,870,324	31,625,755
Total liabilities and shareholders' equity		213,992,341	205,246,479	191,627,220

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 June		For the six months period ended 30 June	
	2014	2013	2014	2013
	SAR'000	SAR'000	SAR'000	SAR'000
Special commission income	1,482,362	1,342,558	2,941,583	2,644,839
Special commission expense	225,979	176,223	455,563	388,912
Net special commission income	1,256,383	1,166,335	2,486,020	2,255,927
Fee and commission income, net	568,879	490,357	1,098,438	937,020
Exchange income, net	56,327	58,814	112,556	116,645
Trading gains (losses), net	270	(865)	(101)	(1,769)
Dividend income	21,609	30,638	37,451	42,449
Gains on non-trading investments, net	155,436	37,561	227,279	130,787
Other operating income	36,058	32,639	65,360	59,058
Total operating income	2,094,962	1,815,479	4,027,003	3,540,117
Salaries and employee-related expenses	346,677	325,644	687,634	642,388
Rent and premises-related expenses	78,020	60,565	156,105	124,909
Depreciation of property and equipment	62,444	67,756	126,775	136,947
Other general and administrative expenses	202,294	202,528	367,853	362,873
Impairment charge for credit losses, net	262,977	197,211	466,744	388,340
Impairment charge for investments, net	-	-	-	(22,000)
Other operating expenses	9,029	6,116	22,309	13,057
Total operating expenses	961,441	859,820	1,827,420	1,646,514
Income from operating activities	1,133,521	955,659	2,199,583	1,893,603
Share in earnings of associates, net	2,737	12,251	16,128	25,291
Net income for the period	1,136,258	967,910	2,215,711	1,918,894
Basic and diluted earnings per share for the period (in SAR)-Note 13	0.38	0.32	0.74	0.64

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 June		For the six months period ended 30 June	
	2014 SAR'000	2013 SAR'000	2014 SAR'000	2013 SAR'000
Net income for the period	1,136,258	967,910	2,215,711	1,918,894
Other comprehensive income:				
-Available for sale investments				
Net changes in fair value	199,993	(163,438)	475,096	(50,331)
Net changes in fair value transferred to interim condensed consolidated income statement	(155,640)	(33,870)	(217,376)	(104,055)
	<u>44,353</u>	<u>(197,308)</u>	<u>257,720</u>	<u>(154,386)</u>
-Cash flow hedges				
Effective portion of net changes in fair value	-	(543)	-	(1,529)
Net changes in fair value transferred to interim condensed consolidated income statement	-	(734)	-	(734)
	<u>-</u>	<u>(1,277)</u>	<u>-</u>	<u>(2,263)</u>
Other comprehensive income for the period	<u>44,353</u>	<u>(198,585)</u>	<u>257,720</u>	<u>(156,649)</u>
Total comprehensive income for the period	<u>1,180,611</u>	<u>769,325</u>	<u>2,473,431</u>	<u>1,762,245</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 six months period ended 30 June 2014 & 2013

	SAR'000						
	Share capital	Statutory reserve	Other reserves		Retained earnings	Proposed dividends	Total
			Available for sale investments	Cash flow hedges			
<u>30 June 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 to retained earnings	-	671,624	-	-	(671,624)	-	-
Issue of bonus shares (Note 13)	15,000,000	(15,000,000)	-	-	-	-	-
Total comprehensive income for the period	-	-	257,720	-	2,215,711	-	2,473,431
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>1,442,284</u>	<u>-</u>	<u>2,361,471</u>	<u>-</u>	<u>33,803,755</u>
	-	-	-	-	-	-	-
<u>30 June 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	-	-	(154,386)	(2,263)	1,918,894	-	1,762,245
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>968,206</u>	<u>-</u>	<u>2,315,949</u>	<u>-</u>	<u>31,625,755</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 six months period ended 30 June 2014 & 2013

	For the six months period ended		
	2014	2013	
	Notes	SAR'000	SAR'000
OPERATING ACTIVITIES			
Net income for the period		2,215,711	1,918,894
Adjustments to reconcile net income for the period to net cash from (used in) operating activities:			
Amortisation of premium (accretion of discounts) on non-trading investments, net		(63,785)	(24,690)
Gains on non-trading investments, net		(227,279)	(130,787)
Depreciation of property and equipment		126,775	136,947
Impairment charge for credit losses, net		466,744	388,340
Impairment charge for investments, net		-	(22,000)
Share in earnings of associates, net		(16,128)	(25,291)
		<u>2,502,038</u>	<u>2,241,413</u>
Net (increase) decrease in operating assets:			
Statutory deposit with SAMA		(301,946)	(916,065)
Due from banks and other financial institutions maturing after three months from date of acquisition		760,577	315,456
Loans and advances		(10,049,801)	(9,107,548)
Other real estate		37,588	24,301
Other assets		(562,981)	1,639,350
Net increase (decrease) in operating liabilities:			
Due to banks and other financial institutions		733,971	(752,801)
Customer deposits		6,899,993	1,664,492
Other liabilities		(59,638)	(174,933)
Net cash used in operating activities		<u>(40,199)</u>	<u>(5,066,335)</u>
INVESTING ACTIVITIES			
Proceeds from sales and maturities of non-trading investments		11,464,651	11,081,661
Purchase of non-trading investments		(13,670,725)	(10,201,487)
Purchase of property and equipment, net		(111,670)	(84,127)
Net cash (used in)from investing activities		<u>(2,317,744)</u>	<u>796,047</u>
FINANCING ACTIVITIES			
Dividend and zakat paid		(1,301,895)	(1,052,621)
Net cash used in financing activities		<u>(1,301,895)</u>	<u>(1,052,621)</u>
Net decrease in cash and cash equivalents		<u>(3,659,838)</u>	<u>(5,322,909)</u>
Cash and cash equivalents at the beginning of the period		16,008,972	22,008,689
Cash and cash equivalents at the end of the period	10	<u><u>12,349,134</u></u>	<u><u>16,685,780</u></u>
Special commission received during the period		2,905,277	2,665,919
Special commission paid during the period		509,231	418,265
Supplemental non-cash information			
Net changes in fair value and transfer to interim condensed consolidated income statement		<u>257,720</u>	<u>(156,649)</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 six months period ended 30 June 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 305 branches (30 June 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 six months period ended 30 June 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 six months period ended 30 June 2014 & 2013

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR 000'	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Investments:			
- Available for sale	17,841,869	16,762,393	16,295,633
- Other investments held at amortised cost	28,055,570	26,089,756	18,632,085
- Held to maturity	412,229	685,942	480,569
Total	46,309,668	43,538,091	35,408,287

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 June 2014 was SAR 3,776 million (30 June 2013: SAR 3,866 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three and six months period ended 30 June 2014 would have included unrealised fair value gain on such reclassified investments amounting to SAR 97.3 million and unrealised fair value gain on such reclassified investments amounting to SAR 142.4 million respectively (30 June 2013: unrealised loss of SAR 32.4 million and unrealised gain of SAR 75.8 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR 000'	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Consumer Loans	37,070,591	33,301,278	32,275,951
Commercial loans and overdrafts	103,630,337	97,669,628	93,686,295
Credit Cards	1,000,031	886,824	832,487
Performing Loans and Advances	141,700,959	131,857,730	126,794,733
Non performing loans and advances	1,328,079	1,264,522	1,618,091
Gross loans and advances	143,029,038	133,122,252	128,412,824
Allowance for impairment	(2,255,424)	(1,931,695)	(2,222,962)
Loans and advances held at amortised cost, net	140,773,614	131,190,557	126,189,862

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR 000'	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Demand	68,397,587	67,555,265	67,882,886
Saving	283,249	281,760	306,789
Time	82,281,179	75,175,644	71,010,983
Other	9,137,858	10,187,211	8,678,401
Total	160,099,873	153,199,880	147,879,059

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 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 June 2014 (Unaudited)			31 December 2013 (Audited)			30 June 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'									
Held for trading:									
Special commission rate swaps	2,796	(2,794)	1,209,677	137	(133)	390,096	243	(236)	608,203
Forward foreign exchange contracts	219,019	(80,930)	63,360,554	364,096	(89,473)	66,398,305	573,971	(190,932)	62,790,711
Currency options	5,440	(5,440)	2,538,062	1,113	(1,044)	4,617,891	270,916	(270,795)	15,098,098
Commodity options	103	(103)	22,894	-	-	-	-	-	-
Total	227,358	(89,267)	67,131,187	365,346	(90,650)	71,406,292	845,130	(461,963)	78,497,012

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

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

	30 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
SAR 000'			
Letters of credit	16,468,773	17,848,362	19,165,030
Letters of guarantee	74,135,342	65,148,615	53,647,190
Acceptances	3,174,284	2,465,585	2,851,933
Irrevocable commitments to extend credit	12,354,299	14,290,718	12,006,487
Total	106,132,698	99,753,280	87,670,640

b) Others

During the period ended 30 June 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 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
SAR 000'			
Cash and balances with SAMA excluding statutory deposit	9,715,766	13,354,750	13,048,618
Due from banks and other financial institutions maturing within three months from date of acquisition	2,633,368	2,654,222	3,637,162
Total	12,349,134	16,008,972	16,685,780

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 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 June 2014

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	227,358	-	227,358
Financial investments available for sale	15,665,792	614,557	1,561,520	17,841,869
Financial Liabilities				
Derivative financial instruments	-	89,267	-	89,267

30 June 2013

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	845,130	-	845,130
Financial investments available for sale	14,254,178	275,432	1,766,023	16,295,633
Financial Liabilities				
Derivative financial instruments	-	461,963	-	461,963

Reconciliation of movement in Level 3 (Unaudited)

	30 June 2014 SAR' 000	30 June 2013 SAR' 000
Opening balance	1,506,670	1,686,880
Total gains or losses		
- recognised in consolidated income statement	(542)	(231)
- recognised in other comprehensive income	55,392	87,263
Purchases	-	-
Redemption	-	(7,889)
Closing balance	1,561,520	1,766,023

There were no transfers between the fair value hierarchy levels.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 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 June 2014 & 2013 and its total operating income, total operating expenses and net income for the three months periods then ended, by operating segments, are as follows:

30 June 2014		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	39,739,708	86,108	102,656,255	67,525,364	3,984,906	213,992,341
Total liabilities	56,202,342	72,562	97,958,424	22,175,161	3,780,097	180,188,586
Total operating income	1,269,806	205,516	1,813,113	604,074	134,494	4,027,003
Net special commission income	1,010,609	19,078	1,140,567	242,009	73,757	2,486,020
Fee and commission income, net	258,259	185,128	657,719	(2,668)	-	1,098,438
Total operating expenses	633,900	78,674	445,473	19,876	649,497	1,827,420
Depreciation and amortization	45,942	-	1,990	1,082	77,761	126,775
Impairment charge for credit losses, net	158,962	-	307,782	-	-	466,744
Impairment charge for investments, net	-	-	-	-	-	-
Share in earnings of associates, net	-	-	-	-	16,128	16,128
Net income (loss)	635,906	126,842	1,367,640	584,198	(498,875)	2,215,711

30 June 2013		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	33,695,169	65,506	93,588,536	60,962,867	3,315,142	191,627,220
Total liabilities	55,392,797	64,458	92,902,332	7,933,097	3,708,781	160,001,465
Total operating income	1,155,088	175,275	1,575,773	576,476	57,505	3,540,117
Net special commission income	907,546	10,417	1,022,160	307,097	8,707	2,255,927
Fee and commission income, net	246,572	165,516	529,401	(4,469)	-	937,020
Total operating expenses	571,541	65,477	397,161	(3,066)	615,401	1,646,514
Depreciation and amortization	52,784	-	(570)	1,019	83,714	136,947
Impairment charge for credit losses, net	121,210	-	267,130	-	-	388,340
Impairment charge for investments, net	-	-	-	(22,000)	-	(22,000)
Share in earnings of associates, net	-	-	-	-	25,291	25,291
Net income (loss)	583,547	109,798	1,178,612	579,542	(532,605)	1,918,894

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the six months period ended 30 June 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 June 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 June 2014 (Unaudited)	31 December 2013 (Audited)	30 June 2013 (Unaudited)
Risk weighted assets			
Credit Risk	205,349	192,607	181,325
Operational Risk	12,006	11,609	11,330
Market Risk	577	309	1,201
Total Pillar-I risk weighted assets	<u>217,932</u>	<u>204,525</u>	<u>193,856</u>
Eligible capital			
Tier I Capital	33,804	33,870	31,626
Tier II Capital	1,072	1,072	1,072
Total Tier I & II Capital	<u>34,876</u>	<u>34,942</u>	<u>32,698</u>
Tier 1 Capital Adequacy Ratio %	15.5%	16.6%	16.3%
Total Capital Adequacy Ratio %	16.0%	17.1%	16.9%

16. COMPARATIVE FIGURES

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

17. BASEL III PILLAR 3 DISCLOSURES

Certain quantitative disclosures are required under Basel III Pillar 3. These disclosures will be made available for public on the Bank's website (www.riyadbank.com) within 60 business days after June 30, 2014 as required by SAMA.

The quantitative disclosures under Basel III Pillar 3 on the Bank's capital structure required to be published on Bank's website will be published on the Bank's website (www.riyadbank.com) as required by SAMA.

Above disclosures are not subject to review/audit by the external auditors of the Bank.