

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 March 2014 SAR'000 (Unaudited)	31 December 2013 SAR'000 (Audited)	31 March 2013 SAR'000 (Unaudited)
<b>ASSETS</b>				
Cash and balances with SAMA		17,013,309	20,928,549	21,384,611
Due from banks and other financial institutions		6,339,100	4,438,656	6,231,336
Investments, net	5	46,587,168	43,538,091	31,989,019
Loans and advances, net	6	136,770,320	131,190,557	120,921,543
Investment in associates		456,780	442,297	424,963
Other real estate		411,056	437,368	444,019
Property and equipment, net		1,668,094	1,662,650	1,709,008
Other assets		2,159,599	2,608,311	3,345,366
<b>Total assets</b>		<b>211,405,426</b>	<b>205,246,479</b>	<b>186,449,865</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		7,096,039	7,577,980	4,908,403
Customer deposits	7	159,947,237	153,199,880	143,963,715
Debt securities in issue		4,000,000	4,000,000	-
Other liabilities		6,599,006	6,598,295	5,746,317
<b>Total liabilities</b>		<b>177,642,282</b>	<b>171,376,155</b>	<b>154,618,435</b>
<b>Shareholders' equity</b>				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		14,328,376	14,328,376	13,341,600
Other reserves		1,397,931	1,184,564	1,166,791
Retained earnings		3,036,837	1,957,384	2,323,039
Proposed dividends		-	1,400,000	-
<b>Total shareholders' equity</b>		<b>33,763,144</b>	<b>33,870,324</b>	<b>31,831,430</b>
<b>Total liabilities and shareholders' equity</b>		<b>211,405,426</b>	<b>205,246,479</b>	<b>186,449,865</b>

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)

	For the three months period ended 31 March	
	2014	2013
	SAR'000	SAR'000
Special commission income	1,459,221	1,302,281
Special commission expense	229,584	212,689
<b>Net special commission income</b>	<b>1,229,637</b>	<b>1,089,592</b>
Fee and commission income, net	529,559	446,663
Exchange income, net	56,229	57,831
Trading losses, net	(371)	(904)
Dividend income	15,842	11,811
Gains on non-trading investments, net	71,843	93,226
Other operating income	29,302	26,419
<b>Total operating income</b>	<b>1,932,041</b>	<b>1,724,638</b>
Salaries and employee-related expenses	340,957	316,744
Rent and premises-related expenses	78,085	64,344
Depreciation of property and equipment	64,331	69,191
Other general and administrative expenses	165,559	160,345
Impairment charge for credit losses, net	203,767	191,129
Impairment charge for investments, net	-	(22,000)
Other operating expenses	13,280	6,941
<b>Total operating expenses</b>	<b>865,979</b>	<b>786,694</b>
<b>Income from operating activities</b>	<b>1,066,062</b>	<b>937,944</b>
Share in earnings of associates, net	13,391	13,040
<b>Net income for the period</b>	<b>1,079,453</b>	<b>950,984</b>
<b>Basic and diluted earnings per share for the period (in SAR)-Note 13</b>	<b>0.72</b>	<b>0.63</b>

The accompanying notes 1 to 16 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 31 March	
	2014	2013
	SAR'000	SAR'000
Net income for the period	1,079,453	950,984
Other comprehensive income:		
-Available for sale investments		
Net changes in fair value	275,103	113,107
Net changes in fair value transferred to interim condensed consolidated income statement	(61,736)	(70,185)
	<u>213,367</u>	<u>42,922</u>
-Cash flow hedges		
Effective portion of net changes in fair value	-	(986)
Net changes in fair value transferred to interim condensed consolidated income statement	-	-
	<u>-</u>	<u>(986)</u>
Other comprehensive income for the period	<u>213,367</u>	<u>41,936</u>
Total comprehensive income for the period	<u><u>1,292,820</u></u>	<u><u>992,920</u></u>

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

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

For the three months period ended 31 March 2014 & 2013

	SAR'000						Total
	Share capital	Statutory reserve	Other reserves		Retained earnings	Proposed dividends	
			Available for sale investments	Cash flow hedges			
<u>31 March 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
Total comprehensive income for the period	-	-	213,367	-	1,079,453	-	1,292,820
Final dividends paid - 2013	-	-	-	-	-	(1,400,000)	(1,400,000)
<b>Balance at the end of the period</b>	<b>15,000,000</b>	<b>14,328,376</b>	<b>1,397,931</b>	<b>-</b>	<b>3,036,837</b>	<b>-</b>	<b>33,763,144</b>
<u>31 March 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	-	-	42,922	(986)	950,984	-	992,920
Final dividends paid - 2012	-	-	-	-	-	(1,125,000)	(1,125,000)
<b>Balance at the end of the period</b>	<b>15,000,000</b>	<b>13,341,600</b>	<b>1,165,514</b>	<b>1,277</b>	<b>2,323,039</b>	<b>-</b>	<b>31,831,430</b>

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

For the three months period ended 31 March 2014 & 2013

	For the three months period ended 31 March	
	2014	2013
	Notes	
	SAR'000	SAR'000
<b>OPERATING ACTIVITIES</b>		
Net income for the period	1,079,453	950,984
<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	(31,199)	(12,416)
Gains on non-trading investments, net	(71,843)	(93,226)
Depreciation of property and equipment	64,331	69,191
Impairment charge for credit losses, net	203,767	191,129
Impairment charge for investments, net	-	(22,000)
Share in earnings of associates, net	(13,391)	(13,040)
	<u>1,231,118</u>	<u>1,070,622</u>
<b>Net (increase) decrease in operating assets:</b>		
Statutory deposit with SAMA	(421,208)	(708,856)
Due from banks and other financial institutions maturing after three months from date of acquisition	(443,693)	541,122
Loans and advances	(5,783,530)	(3,642,018)
Other real estate	26,312	14,366
Other assets	448,712	1,042,995
<b>Net increase (decrease) in operating liabilities:</b>		
Due to banks and other financial institutions	(481,941)	(1,254,565)
Customer deposits	6,747,357	(2,250,852)
Other liabilities	(197,900)	(256,971)
<b>Net cash from (used in) operating activities</b>	<u>1,125,227</u>	<u>(5,444,157)</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of non-trading investments	4,583,566	7,906,123
Purchase of non-trading investments	(7,317,326)	(3,473,463)
Purchase of property and equipment, net	(69,775)	(40,297)
<b>Net cash (used in)from investing activities</b>	<u>(2,803,535)</u>	<u>4,392,363</u>
<b>FINANCING ACTIVITIES</b>		
Dividend and zakat paid	(1,201,389)	(961,505)
<b>Net cash used in financing activities</b>	<u>(1,201,389)</u>	<u>(961,505)</u>
<b>Net decrease in cash and cash equivalents</b>	<u>(2,879,697)</u>	<u>(2,013,299)</u>
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>13,129,275</u>	<u>19,995,390</u>
Special commission received during the period	1,379,206	1,305,746
Special commission paid during the period	232,921	253,902
<b>Supplemental non-cash information</b>		
Net changes in fair value and transfer to interim condensed consolidated income statement	213,367	41,936

The accompanying notes 1 to 16 form an integral part of these interim condensed consolidated financial statements.

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)**  
**For the three months period ended 31 March 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 304 branches (31 March 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 three months period ended 31 March 2014 & 2013**

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**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 three months period ended 31 March 2014 & 2013

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR 000'	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Investments:			
- Available for sale	17,655,094	16,762,393	16,564,856
- Other investments held at amortised cost	28,279,191	26,089,756	14,910,860
- Held to maturity	652,883	685,942	513,303
Total	<u>46,587,168</u>	<u>43,538,091</u>	<u>31,989,019</u>

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 31 March 2014 was SAR 3,681 million (31 March 2013: SAR 3,882 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three months period ended 31 March 2014 would have included unrealised fair value gains on such reclassified investments amounting to SAR 42.5 million (31 March 2013: unrealised gain of SAR 108.2 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR 000'	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Consumer Loans	34,957,828	33,301,278	30,954,509
Commercial loans and overdrafts	101,613,136	97,669,628	89,799,435
Credit Cards	934,689	886,824	763,607
Performing Loans and Advances	137,505,653	131,857,730	121,517,551
Non performing loans and advances	1,342,207	1,264,522	1,980,597
Gross loans and advances	138,847,860	133,122,252	123,498,148
Allowance for impairment	(2,077,540)	(1,931,695)	(2,576,605)
Loans and advances held at amortised cost, net	<u>136,770,320</u>	<u>131,190,557</u>	<u>120,921,543</u>

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR 000'	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
Demand	66,556,402	67,555,265	66,953,289
Saving	281,694	281,760	306,020
Time	82,753,738	75,175,644	70,060,239
Other	10,355,403	10,187,211	6,644,167
Total	<u>159,947,237</u>	<u>153,199,880</u>	<u>143,963,715</u>



NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three months period ended 31 March 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.

	31 March 2014 (Unaudited)			31 December 2013 (Audited)			31 March 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	775	(772)	640,050	137	(133)	390,096	129	(232)	835,119
Forward foreign exchange contracts	210,316	(67,974)	70,895,955	364,096	(89,473)	66,398,305	1,786,581	(41,599)	76,023,437
Currency options	3,446	(3,380)	3,306,208	1,113	(1,044)	4,617,891	401,294	(401,094)	20,169,240
<b>Held as cash flow hedges:</b>									
Special commission rate swaps	-	-	-	-	-	-	543	-	100,000
<b>Total</b>	<b>214,537</b>	<b>(72,126)</b>	<b>74,842,213</b>	<b>365,346</b>	<b>(90,650)</b>	<b>71,406,292</b>	<b>2,188,547</b>	<b>(442,925)</b>	<b>97,127,796</b>

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

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

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
SAR 000'			
Letters of credit	16,218,056	17,848,362	18,090,615
Letters of guarantee	66,347,051	65,148,615	55,659,697
Acceptances	2,872,765	2,465,585	2,698,553
Irrevocable commitments to extend credit	12,020,387	14,290,718	9,592,606
<b>Total</b>	<b>97,458,259</b>	<b>99,753,280</b>	<b>86,041,471</b>

b) Others

During the period ended 31 March 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:

	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
SAR 000'			
Cash and balances with SAMA excluding statutory deposit	9,018,302	13,354,750	13,778,927
Due from banks and other financial institutions maturing within three months from date of acquisition	4,110,973	2,654,222	6,216,463
<b>Total</b>	<b>13,129,275</b>	<b>16,008,972</b>	<b>19,995,390</b>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three months period ended 31 March 2014 & 2013

11. FAIR VALUES 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 advantageous 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

31 March 2014

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial instruments	-	214,537	-	214,537
Financial investments available for sale	15,477,395	630,017	1,547,682	17,655,094
<b>Financial Liabilities</b>				
Derivative financial instruments	-	72,126	-	72,126

31 March 2013

SAR' 000 (Unaudited)

	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>				
Derivative financial instruments	-	2,188,547	-	2,188,547
Financial investments available for sale	14,352,779	484,174	1,727,903	16,564,856
<b>Financial Liabilities</b>				
Derivative financial instruments	-	442,925	-	442,925

Reconciliation of movement in Level 3 (Unaudited)

	31 March 2014 SAR' 000	31 March 2013 SAR' 000
Opening balance	1,506,670	1,686,880
Total gains or losses		
- recognised in consolidated income statement	-	(795)
- recognised in other comprehensive income	41,012	45,307
Purchases	-	-
Redemption	-	(3,489)
<b>Closing balance</b>	<b>1,547,682</b>	<b>1,727,903</b>

There were no transfers between the fair value hierarchy levels.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three months period ended 31 March 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 31 March 2014 and 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:

31 March 2014		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	37,444,524	79,679	101,113,992	69,632,388	3,134,843	211,405,426
Total liabilities	56,823,861	65,588	102,671,989	15,528,417	2,552,427	177,642,282
Total operating income	587,961	92,288	923,478	269,138	59,176	1,932,041
Net special commission income	491,604	7,599	563,316	133,342	33,776	1,229,637
Fee and commission income, net	95,923	83,015	351,968	(1,347)	-	529,559
Total operating expenses	313,447	38,850	196,920	10,283	306,479	865,979
Depreciation and amortization	24,185	-	927	502	38,717	64,331
Impairment charge for credit losses, net	75,900	-	127,867	-	-	203,767
Impairment charge for investments, net	-	-	-	-	-	-
Share in earnings of associates, net	-	-	-	-	13,391	13,391
Net income (loss)	274,514	53,438	726,558	258,855	(233,912)	1,079,453

31 March 2013		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	32,451,519	61,346	89,585,186	60,796,434	3,555,380	186,449,865
Total liabilities	52,204,711	58,675	92,956,609	6,794,316	2,604,124	154,618,435
Total operating income	526,069	86,737	742,935	318,126	50,771	1,724,638
Net special commission income	408,676	1,957	478,442	162,458	38,059	1,089,592
Fee and commission income, net	116,803	85,145	246,668	(1,953)	-	446,663
Total operating expenses	278,191	31,877	201,622	(12,212)	287,216	786,694
Depreciation and amortization	26,859	-	933	519	40,880	69,191
Impairment charge for credit losses, net	55,309	-	135,820	-	-	191,129
Impairment charge for investments, net	-	-	-	(22,000)	-	(22,000)
Share in earnings of associates, net	-	-	-	-	13,040	13,040
Net income (loss)	247,878	54,860	541,313	330,338	(223,405)	950,984

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the three months period ended 31 March 2014 & 2013

13. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 31 March 2014 and 2013 are calculated by dividing the net income for the period by 1,500 million outstanding shares.

14. 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	31 March 2014 (Unaudited)	31 December 2013 (Audited)	31 March 2013 (Unaudited)
<b>Risk weighted assets</b>			
Credit Risk	196,991	192,607	176,775
Operational Risk	11,798	11,609	11,223
Market Risk	441	309	918
Total Pillar-I risk weighted assets	<u>209,230</u>	<u>204,525</u>	<u>188,916</u>
<b>Eligible capital</b>			
Tier I Capital	33,763	33,870	31,830
Tier II Capital	1,072	1,072	1,072
Total Tier I & II Capital	<u>34,835</u>	<u>34,942</u>	<u>32,902</u>
Tier 1 Capital Adequacy Ratio %	16.1%	16.6%	16.8%
Total Capital Adequacy Ratio %	16.6%	17.1%	17.4%

15. COMPARATIVE FIGURES

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

16. 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](http://www.riyadbank.com)) as required by SAMA. Such disclosures are not subject to review/audit by the external auditors of the Bank.