KPMG Al Fozan & Al Sadhan

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Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Riyad Bank
(a Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Riyad Bank ("the Bank") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2015, the related interim condensed consolidated income statement and the interim condensed consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the three months period then ended and the notes from (1) to (14). We have neither reviewed note (15) nor the information related to "Disclosures under Basel III Framework" 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.

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Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in note (14) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (14) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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PRICEWATERHOUSECOOPERS CERTIFIED PUBLIC ACCOUNTANTS LICENSE NO. 25

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	31 March 2015 (Unaudited) SAR'000	31 December 2014 (Audited) SAR'000	31 March 2014 (Unaudited) SAR'000
ASSETS				
Cash and balances with SAMA		21,197,627	25,315,736	17,013,309
Due from banks and other financial institutions		6,287,485	3,914,504	6,339,100
Investments, net	5	46,641,335	46,963,269	46,587,168
Loans and advances, net	6	137,626,118	133,490,274	136,770,320
Investment in associates		469,523	468,535	456,780
Other real estate		339,988	390,802	411,056
Property and equipment, net		1,762,718	1,706,731	1,668,094
Other assets		2,208,377	2,339,442	2,159,599
Total assets		216,533,171	214,589,293	211,405,426
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		3,986,188	3,789,796	7,096,039
Customer deposits	7	164,834,274	164,079,433	159,947,237
Debt securities in issue		4,000,000	4,000,000	4,000,000
Other liabilities		6,963,980	7,182,959	6,599,006
Total liabilities		179,784,442	179,052,188	177,642,282
Shareholders' equity				
Share capital		30,000,000	30,000,000	15,000,000
Statutory reserve		1,088,102	1,088,102	14,328,376
Other reserves		1,078,961	1,038,937	1,397,931
Retained earnings		3,331,666	2,160,066	3,036,837
Proposed dividends		1,250,000	1,250,000	-
Total shareholders' equity		36,748,729	35,537,105	33,763,144
Total liabilities and shareholders' equity		216,533,171	214,589,293	211,405,426

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)

	Note	For the three months period ended 31 March 2015 SAR'000	2014 SAR'000
Special commission income		1,442,024	1,459,221
Special commission expense		159,548	229,584
Net special commission income		1,282,476	1,229,637
Fee and commission income, net		521,186	529,559
Exchange income, net		95,626	56,229
Trading gains/(losses) net		14,191	(371)
Dividend income		10,487	15,842
Gains on non-trading investments, net		100,552	71,843
Other operating income		25,038	29,302
Total operating income		2,049,556	1,932,041
Salaries and employee-related expenses		392,296	340,957
Rent and premises-related expenses		73,949	78,085
Depreciation of property and equipment		69,499	64,331
Other general and administrative expenses		196,183	165,559
Impairment charge for credit losses, net		127,804	203,767
Other operating expenses		24,904	13,280
Total operating expenses		884,635	865,979
Income from operating activities		1,164,921	1,066,062
Share in earnings of associates, net		6,679	13,391
Net income for the period		1,171,600	1,079,453
Basic and diluted earnings per share for the period (in SAR)	13	0.39	0.36

The accompanying notes 1 to 15 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	
	2015	2014
	SAR'000	SAR'000
Net income for the period	1,171,600	1,079,453
Other comprehensive income:		
- Available for sale investments		
Net changes in fair value	140,992	275,103
Net changes in fair value transferred to interim condensed consolidated income statement	(100,968)	(61,736)
	40,024	213,367
- Cash flow hedges		
Effective portion of net changes in fair value	-	-
Net changes in fair value transferred to interim condensed consolidated income statement	-	-
	-	-
Other comprehensive income for the period	40,024	213,367
Total comprehensive income for the period	1,211,624	1,292,820

The accompanying notes 1 to 15 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 2015 & 2014

	SAR'000						
	Share capital	Statutory reserve	Other reserves		Retained earnings	Proposed dividends	Total
			Available for sale investments	Cash flow hedges			
31 March 2015							
Balance at the beginning of the period	30,000,000	1,088,102	1,038,937	-	2,160,066	1,250,000	35,537,105
Total comprehensive income for the period	-	-	40,024	-	1,171,600	-	1,211,624
Balance at the end of the period	30,000,000	1,088,102	1,078,961	-	3,331,666	1,250,000	36,748,729
31 March 2014							
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)
Total comprehensive income for the period	-	-	213,367	-	1,079,453	-	1,292,820
Balance at the end of the period	15,000,000	14,328,376	1,397,931	-	3,036,837	-	33,763,144

The accompanying notes 1 to 15 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 2015 & 2014

	Note	For the three months period ended 31 March 2015 SAR'000	2014 SAR'000
OPERATING ACTIVITIES			
Net income for the period		1,171,600	1,079,453
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		(26,483)	(31,199)
Gains on non-trading investments, net		(100,552)	(71,843)
Depreciation of property and equipment		69,499	64,331
Impairment charge for credit losses, net		127,804	203,767
Share in earnings of associates, net		(6,679)	(13,391)
		1,235,189	1,231,118
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		(355,162)	(421,208)
Due from banks and other financial institutions maturing after three months from date of acquisition		(54,545)	(443,693)
Loans and advances		(4,263,648)	(5,783,530)
Other real estate		50,814	26,312
Other assets		131,065	448,712
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		196,392	(481,941)
Customer deposits		754,841	6,747,357
Other liabilities		(218,061)	(197,900)
Net cash (used in)/ from operating activities		(2,523,115)	1,125,227
INVESTING ACTIVITIES			
Proceeds from sales and maturities of non-trading investments		5,702,888	4,583,566
Purchase of non-trading investments		(5,208,204)	(7,317,326)
Purchase of property and equipment, net		(125,486)	(69,775)
Net cash from/(used in) investing activities		369,198	(2,803,535)
FINANCING ACTIVITIES			
Dividends and zakat paid		(918)	(1,201,389)
Net cash used in financing activities		(918)	(1,201,389)
Net decrease in cash and cash equivalents		(2,154,835)	(2,879,697)
Cash and cash equivalents at the beginning of the period		20,772,910	16,008,972
Cash and cash equivalents at the end of the period	10	18,618,075	13,129,275
Special commission received during the period		1,343,276	1,379,206
Special commission paid during the period		196,547	232,921
Supplemental non-cash information			
Net changes in fair value and transfer to interim condensed consolidated income statement		40,024	213,367

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

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 334 branches (31 March 2014: 304) 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 International Accounting Standard (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 2014.

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 for the year ended 31 December 2014.

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.

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 December 31, 2014 except for the adoption of the following new standards and other amendments to existing standards mentioned below which have had no significant financial impact on the 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, 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 are satisfied, 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:

- IFRS 2 – Amended to clarify the definition of 'vesting condition' by separately defining 'performance condition' and 'service condition'.
- 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.
- IFRS 8 – "Operating segments" has been amended to explicitly require disclosure of judgments made by management in applying aggregation criteria
- IFRS 13 – Amended to clarify measurement of special commission rate 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.
- 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.
- 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.
- IAS 40 – "Investment property" clarifies that an entity should assess whether an acquired property is an investment property under IAS 40 and perform a separate assessment under IFRS 3 to determine whether the acquisition constitutes a business combination.

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR'000	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
Investments:			
- Available for sale	16,970,612	16,928,130	17,655,094
- Other investments held at amortised cost	29,459,608	29,809,057	28,279,191
- Held to maturity	211,115	226,082	652,883
Total	46,641,335	46,963,269	46,587,168

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 2015 was SAR 3,266 million (31 March 2014: SAR 3,681 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three months period ended 31 March 2015 would have unrealised fair value gains on such reclassified investments amounting to SAR 100.9 million (31 March 2014: unrealised gain of SAR 42.5 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR'000	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
Consumer loans	38,372,565	38,430,973	34,957,828
Commercial loans and overdrafts	99,200,377	95,016,515	101,613,136
Credit cards	931,624	979,453	934,689
Performing loans and advances	138,504,566	134,426,941	137,505,653
Non-performing loans and advances	1,178,467	1,049,927	1,342,207
Gross loans and advances	139,683,033	135,476,868	138,847,860
Allowance for impairment	(2,056,915)	(1,986,594)	(2,077,540)
Total	137,626,118	133,490,274	136,770,320

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR'000	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
Demand	86,659,268	71,589,238	66,556,402
Saving	299,397	289,033	281,694
Time	67,988,450	82,186,503	82,753,738
Other	9,887,159	10,014,659	10,355,403
Total	164,834,274	164,079,433	159,947,237

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 2015 (Unaudited)			31 December 2014 (Audited)			31 March 2014 (Unaudited)		
SAR'000	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount	Positive fair value	Negative fair value	Notional amount
Held for trading:									
Special commission rate swaps	24,291	(9,235)	2,546,008	1,992	(1,996)	1,351,794	775	(772)	640,050
Forward foreign exchange contracts	495,877	(483,126)	72,640,533	401,348	(353,073)	60,955,155	210,316	(67,974)	70,895,955
Currency options	60,596	(60,596)	5,796,023	14,794	(14,794)	3,103,235	3,446	(3,380)	3,306,208
Commodity options	887	(887)	16,191	978	(978)	18,499	-	-	-
Total	581,651	(553,844)	80,998,755	419,112	(370,841)	65,428,683	214,537	(72,126)	74,842,213

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

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

SAR'000	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
Letters of credit	12,042,734	12,426,803	16,218,056
Letters of guarantee	81,235,790	81,459,813	66,347,051
Acceptances	2,576,084	2,627,641	2,872,765
Irrevocable commitments to extend credit	10,074,749	9,631,086	12,020,387
Total	105,929,357	106,145,343	97,458,259

b) Others

During the period ended 31 March 2015, 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, has remained same as disclosed in the annual consolidated financial statements for the year ended 31 December 2014.

10. CASH AND CASH EQUIVALENTS

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

SAR'000	31 March 2015 (Unaudited)	31 December 2014 (Audited)	31 March 2014 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	12,572,712	17,045,983	9,018,302
Due from banks and other financial institutions maturing within three months from date of acquisition	6,045,363	3,726,927	4,110,973
Total	18,618,075	20,772,910	13,129,275

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 2015 SAR'000 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	581,651	-	581,651
Financial investments available for sale	15,890,158	33,379	1,047,075	16,970,612
Financial liabilities				
Derivative financial instruments	-	553,844	-	553,844

31 March 2014 SAR'000 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	214,537	-	214,537
Financial investments available for sale	15,477,395	630,017	1,547,682	17,655,094
Financial liabilities				
Derivative financial instruments	-	72,126	-	72,126

Reconciliation of movement in Level 3 (Unaudited)	31 March 2015 SAR'000	31 March 2014 SAR'000
Opening balance	1,406,117	1,506,670
Total gains or losses		
- recognised in consolidated income statement	(84,696)	-
- recognised in other comprehensive income	17,405	41,012
Purchases	-	-
Redemptions	(291,751)	-
Closing balance	1,047,075	1,547,682

There were no transfers between the fair value hierarchy levels.

The fair values of financial instruments, except for other investments held at amortised cost and held to maturity investments which are carried at amortised cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The fair values of loans and advances, commission bearing customers' deposits, debt securities in issue, due from and due to banks and other financial institutions 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 and other financial institutions. An active market for these instruments is not available and the Bank intends to realize the carrying value of these financial instruments through settlement with the counter party at the time of their respective maturities.

12. OPERATING SEGMENTS

The Group 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. The transactions between the Bank's operating segments are recorded as per the Bank's transfer pricing system.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 2015 and 2014 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 2015

SAR'000 (Unaudited)	Retail	Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
Total assets	41,887,324	96,056	96,859,405	74,556,162	3,134,224	216,533,171
Total liabilities	59,324,355	80,759	103,953,411	13,380,943	3,044,974	179,784,442
Total operating income	661,049	92,893	933,145	326,347	36,122	2,049,556
Net special commission income	521,127	10,161	615,802	124,973	10,413	1,282,476
Fee and commission income, net	126,068	82,667	315,431	(2,980)	-	521,186
Total operating expenses	297,204	39,748	110,284	11,253	426,146	884,635
Depreciation and amortization	21,273	-	1,070	533	46,623	69,499
Impairment charge for credit losses, net	83,560	-	44,244	-	-	127,804
Share in earnings of associates, net	-	-	-	-	6,679	6,679
Net income (loss)	363,845	53,145	822,861	315,094	(383,345)	1,171,600

31 March 2014

SAR'000 (Unaudited)	Retail	Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
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
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

13. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 31 March 2015 and 2014 are calculated by dividing the net income for the period by 3,000 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.

Accordingly, the Group's consolidated Risk Weighted Assets (RWA), total eligible capital and capital adequacy ratios on a consolidated group basis, calculated under the Basel III framework, are as follows:

SAR Millions	31 March 2015	31 December 2014	31 March 2014
Risk weighted assets	(Unaudited)	(Audited)	(Unaudited)
Credit	202,623	197,423	196,991
Operational	12,994	12,816	11,798
Market	443	978	441
Total Pillar-I Risk Weighted Assets	216,060	211,217	209,230
Eligible capital			
Tier I Capital	36,749	35,537	33,763
Tier II Capital	1,072	1,072	1,072
Total Tier I & II Capital	37,821	36,609	34,835
Tier I Capital Adequacy Ratio %	17.0%	16.8%	16.1%
Total Capital Adequacy Ratio %	17.5%	17.3%	16.6%

15. DISCLOSURES UNDER BASEL III FRAMEWORK

Certain additional disclosures are required under the Basel III framework. These disclosures will be made available on the Bank's website www.riyadbank.com within prescribed time as required by SAMA. Such disclosures are not subject to review by the external auditors of the Bank.