

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2013	31 December 2012	30 September 2012
	<u>Notes</u>	<u>SAR'000</u> (Unaudited)	<u>SAR'000</u> (Audited)	<u>SAR'000</u> (Unaudited)
ASSETS				
Cash and balances with SAMA		23,295,268	26,270,523	14,482,456
Due from banks and other financial institutions		6,418,474	3,190,989	6,998,836
Investments, net	5	38,025,481	36,253,852	34,094,654
Loans and advances, net	6	129,902,838	117,470,654	115,286,635
Investment in associates		430,044	410,172	399,756
Other real estate		422,162	458,385	411,761
Property and equipment, net		1,677,445	1,737,902	1,749,778
Other assets		1,627,648	4,388,361	3,671,357
Total assets		201,799,360	190,180,838	177,095,233
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		9,074,704	6,162,968	6,231,049
Customer deposits	7	154,193,879	146,214,567	134,927,590
Other liabilities		5,978,356	5,839,793	4,887,918
Total liabilities		169,246,939	158,217,328	146,046,557
Shareholders' equity				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		13,341,600	13,341,600	12,475,088
Other reserves		896,946	1,124,855	1,020,156
Retained earnings		3,313,875	1,372,055	2,553,432
Proposed dividends		-	1,125,000	-
Total shareholders' equity		32,552,421	31,963,510	31,048,676
Total liabilities and shareholders' equity		201,799,360	190,180,838	177,095,233

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	
	2013	2012	2013	2012
	SAR'000	SAR'000	SAR'000	SAR'000
Special commission income	1,405,891	1,287,551	4,050,730	3,842,418
Special commission expense	191,341	170,343	580,253	561,524
Net special commission income	1,214,550	1,117,208	3,470,477	3,280,894
Fee and commission income, net	421,085	412,872	1,358,105	1,374,835
Exchange income, net	58,702	58,853	175,347	183,431
Trading losses, net	(924)	(1,580)	(2,693)	(4,679)
Dividend income	20,708	19,701	63,157	61,083
Gains on non-trading investments, net	500	26,278	131,287	167,904
Other operating income	24,065	34,385	83,123	52,425
Total operating income	1,738,686	1,667,717	5,278,803	5,115,893
Salaries and employee-related expenses	309,173	276,970	951,561	891,101
Rent and premises-related expenses	62,180	62,364	187,089	179,561
Depreciation of property and equipment	66,435	71,554	203,382	211,451
Other general and administrative expenses	175,827	142,825	538,700	490,851
Impairment charge for credit losses, net	139,616	327,284	527,956	866,707
Impairment charge for investments, net	-	(40,000)	(22,000)	(130,000)
Other operating expenses	6,744	6,368	19,801	19,386
Total operating expenses	759,975	847,365	2,406,489	2,529,057
Income from operating activities	978,711	820,352	2,872,314	2,586,836
Share in earnings of associates, net	19,215	19,681	44,506	69,078
Net income for the period	997,926	840,033	2,916,820	2,655,914
Basic and diluted earnings per share for the period (in SAR) -Note 13	0.67	0.56	1.94	1.77

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	
	2013	2012	2013	2012
	SAR'000	SAR'000	SAR'000	SAR'000
Net income for the period	997,926	840,033	2,916,820	2,655,914
Other comprehensive income:				
-Available for sale investments				
Net changes in fair value	(69,780)	280,770	(120,111)	784,618
Net changes in fair value transferred to interim condensed consolidated income statement	(1,480)	(66,535)	(105,535)	(294,506)
	<u>(71,260)</u>	<u>214,235</u>	<u>(225,646)</u>	<u>490,112</u>
-Cash flow hedges				
Effective portion of net changes in fair value	-	(1,747)	(1,529)	(5,265)
Net changes in fair value transferred to interim condensed consolidated income statement	-	(145)	(734)	(440)
	<u>-</u>	<u>(1,892)</u>	<u>(2,263)</u>	<u>(5,705)</u>
Other comprehensive income for the period	<u>(71,260)</u>	<u>212,343</u>	<u>(227,909)</u>	<u>484,407</u>
Total comprehensive income for the period	<u>926,666</u>	<u>1,052,376</u>	<u>2,688,911</u>	<u>3,140,321</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 2013 & 2012

	SAR'000						
	Share capital	Statutory reserve	Other reserves Available for sale investments	Cash flow hedges	Retained earnings	Proposed dividends	Total
30 September 2013							
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 paid - 2013 (Note 14)	-	-	-	-	(975,000)	-	(975,000)
Balance at the end of the period	15,000,000	13,341,600	896,946	-	3,313,875	-	32,552,421
30 September 2012							
Balance at the beginning of the period	15,000,000	12,475,088	526,651	9,098	872,518	1,275,000	30,158,355
Total comprehensive income for the period	-	-	490,112	(5,705)	2,655,914	-	3,140,321
Final dividends paid - 2011	-	-	-	-	-	(1,275,000)	(1,275,000)
Interim dividends paid -2012	-	-	-	-	(975,000)	-	(975,000)
Balance at the end of the period	15,000,000	12,475,088	1,016,763	3,393	2,553,432	-	31,048,676

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 2013 & 2012

	For the nine months period ended 30 September	
	2013	2012
	<u>SAR'000</u>	<u>SAR'000</u>
Notes		
OPERATING ACTIVITIES		
Net income for the period	2,916,820	2,655,914
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	(42,029)	(29,451)
Gains on non-trading investments, net	(131,287)	(167,904)
Depreciation of property and equipment	203,382	211,451
Impairment charge for credit losses, net	527,956	866,707
Impairment charge for investments, net	(22,000)	(130,000)
Share in earnings of associates, net	(44,506)	(69,078)
	<u>3,408,336</u>	<u>3,337,639</u>
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(482,958)	100,049
Due from banks and other financial institutions maturing after three months from date of acquisition	(1,019,960)	1,690,669
Loans and advances	(12,960,140)	(3,180,578)
Other real estate	36,223	29,135
Other assets	2,760,713	1,330,916
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	2,911,736	(10,899)
Customer deposits	7,979,312	(4,894,910)
Other liabilities	63,076	130,240
Net cash from (used in) operating activities	<u>2,696,338</u>	<u>(1,467,739)</u>
INVESTING ACTIVITIES		
Proceeds from sales and maturities of non-trading investments	13,514,922	28,941,335
Purchase of non-trading investments	(15,294,510)	(25,598,781)
Purchase of property and equipment, net	(142,925)	(154,396)
Net cash (used in)from investing activities	<u>(1,922,513)</u>	<u>3,188,158</u>
FINANCING ACTIVITIES		
Dividend and zakat paid	(2,024,513)	(2,156,909)
Net cash used in financing activities	<u>(2,024,513)</u>	<u>(2,156,909)</u>
Net (decrease) increase in cash and cash equivalents	<u>(1,250,688)</u>	<u>(436,490)</u>
Cash and cash equivalents at beginning of the period	22,008,689	14,483,739
Cash and cash equivalents at end of the period	10 <u>20,758,001</u>	<u>14,047,249</u>
Special commission received during the period	3,922,774	3,843,552
Special commission paid during the period	<u>560,853</u>	<u>582,688</u>
Supplemental non-cash information		
Net changes in fair value and transfer to interim condensed consolidated income statement	<u>(227,909)</u>	<u>484,407</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 2013 & 2012

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 252 branches (30 September 2012: 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 and Ithra Al-Riyad Real Estate Company (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 2012.

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 expense. 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 December 31, 2012

These interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SAR) and are rounded off to the nearest thousands.

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 income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements. Losses are eliminated in the same way as 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 2013 & 2012

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, 2012 except for the adoption of the following new standards and other 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 for the current period or prior period and is expected to have an insignificant effect in future periods:

a) New standards

- IFRS 10 Consolidated financial statements: IFRS 10 replaces the requirements previously contained in IAS 27 Consolidated and Separate Financial Statements and SIC-12 Consolidation - Special Purpose Entities. The Standard introduces a single consolidation model for all entities based on control, irrespective of the nature of the investee (i.e. whether an entity is controlled through voting rights of investors or through other contractual arrangements as is common in 'special purpose entities').
- IFRS 11 Joint arrangements: IFRS 11 replaces IAS 31 Interests in Joint Ventures. Requires a party to a joint arrangement to determine the type of joint arrangement in which it is involved by assessing its rights and obligations and then account for those rights and obligations in accordance with that type of joint arrangement.
- IFRS 12 Disclosure of Interests in Other Entities: Requires the extensive disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.
- IFRS 13 Fair value measurements: Replaces the guidance on fair value measurement in existing IFRS accounting literature with a single standard. The IFRS defines fair value, provides guidance on how to determine fair value and requires disclosures about fair value measurements. However, IFRS 13 does not change the requirements regarding which items should be measured or disclosed at fair value.

b) Amendments to existing standards

- Amendments to IAS 1 Presentation of financial statements: amends IAS 1 to revise the way other comprehensive income is presented.
- Amendments to IFRS 7 Financial Instruments: Disclosure: Amends the disclosure requirements in IFRS 7 to require information about all recognised financial instruments that are set off in accordance with paragraph 42 of IAS 32 and also require disclosure of information about recognised financial instruments subject to enforceable master netting arrangements and agreements even if they are not set off under IAS 32.
- IAS 19 Employee Benefits – Amendments: The amendments to IAS 19 remove the option to defer the recognition of actuarial gains and losses, i.e., the corridor mechanism. All changes in the value of defined benefit plans will be recognised in profit or loss and other comprehensive income.
- IAS 27 Separate Financial Statements (2011): now only deals with the requirements for separate financial statements, which have been carried over largely unamended from IAS 27 Consolidated and Separate Financial Statements. Requirements for consolidated financial statements are now contained in IFRS 10 Consolidated Financial Statements.
- IAS 28 Investments in Associates and Joint Ventures (2011): The majority of these revisions result from the incorporation of Joint ventures into IAS 28 (2011) and the fundamental approach to accounting for equity accounted investments has not changed.

The IASB has published Annual Improvements to IFRSs: 2009-2011 cycle of improvements that contain amendments to the following standards with consequential amendments to other standards:

IFRS 1 - First time adoption of IFRS: Repeated application of IFRS 1 and borrowing cost exemption;

IAS 1 – Presentation of financial statements: Comparative information beyond minimum requirements and presentation of the opening statement of financial position and related notes;

IAS 16 – Property, plant and equipment: Classification of servicing equipment;

IAS 32 – Financial instruments presentation: Income tax consequences of distributions

IAS 34 – Interim Financial Reporting: Segment assets and liabilities.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2013 & 2012

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR 000'	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Investments:			
- Available for sale	16,336,760	16,615,510	16,603,896
- Other investments held at amortised cost	20,993,612	15,542,119	14,312,357
- Held to maturity	695,109	4,096,223	3,178,401
Total	<u>38,025,481</u>	<u>36,253,852</u>	<u>34,094,654</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 30 September 2013 was SAR 3,923 million (30 June 2012: SAR 3,721 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three and nine months period ended 30 September 2013 would have included unrealised fair value gains on such reclassified investments amounting to SAR 52 million and SAR 127.8 million respectively (30 September 2012: unrealised gain of SAR 95.1 million and SAR 250.8 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR 000'	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Consumer Loans	32,889,425	29,857,170	29,038,542
Commercial loans and overdrafts	96,795,730	87,363,360	85,877,097
Credit Cards	888,105	754,682	786,119
Performing Loans and Advances	<u>130,573,260</u>	<u>117,975,212</u>	<u>115,701,758</u>
Non performing loans and advances	<u>1,420,204</u>	<u>2,037,134</u>	<u>2,005,709</u>
Gross loans and advances	<u>131,993,464</u>	<u>120,012,346</u>	<u>117,707,467</u>
Allowance for impairment	<u>(2,090,626)</u>	<u>(2,541,692)</u>	<u>(2,420,832)</u>
Loans and advances held at amortised cost, net	<u>129,902,838</u>	<u>117,470,654</u>	<u>115,286,635</u>

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR 000'	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
Demand	63,930,278	67,525,144	57,014,109
Saving	297,440	301,758	303,100
Time	77,099,263	71,035,977	70,671,418
Other	12,866,898	7,351,688	6,938,963
Total	<u>154,193,879</u>	<u>146,214,567</u>	<u>134,927,590</u>

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2013 & 2012

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 2013 (Unaudited)			31 December 2012 (Audited)			30 September 2012 (Unaudited)		
	Positive fair value	Negative fair value	Notional amount total	Positive fair value	Negative fair value	Notional amount total	Positive fair value	Negative fair value	Notional amount total
SAR 000'									
Held for trading:									
Special commission rate swaps and futures	190	(185)	480,196	372	(551)	589,852	637	(839)	673,608
Forward foreign exchange contracts	255,980	(126,178)	59,498,259	2,191,422	(118,078)	67,515,005	2,312,482	(168,891)	75,352,696
Currency options	59,847	(60,134)	7,385,520	205,099	(204,962)	32,472,428	31,909	(31,949)	36,990,110
Held as fair value hedges:									
Special commission rate swaps	-	-	-	-	-	-	-	-	-
Held as cash flow hedges:									
Special commission rate swaps	-	-	-	1,529	-	100,000	2,660	-	100,000
Total	316,017	(186,497)	67,363,975	2,398,422	(323,591)	100,677,285	2,347,688	(201,679)	113,116,414

9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

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

	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
SAR 000'			
Letters of credit	17,446,173	13,500,872	13,914,161
Letters of guarantee	56,788,688	55,378,159	54,806,795
Acceptances	2,523,492	2,643,417	2,745,615
Irrevocable commitments to extend credit	12,217,584	8,563,465	12,689,697
Total	88,975,937	80,085,913	84,156,268

b) Others

During the period ended 30 September 2013, there has been no change in the status of the Bank's Zakat assessments. The Bank'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 2012.

10. CASH AND CASH EQUIVALENTS

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

	30 September 2013 (Unaudited)	31 December 2012 (Audited)	30 September 2012 (Unaudited)
SAR 000'			
Cash and balances with SAMA excluding statutory deposits	15,915,482	19,373,695	7,618,918
Due from banks and other financial institutions maturing within three months from date of acquisition	4,842,519	2,634,994	6,428,331
Total	20,758,001	22,008,689	14,047,249

11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

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 2013 SAR' 000 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	316,017	-	316,017
Financial investments available for sale	14,439,003	146,600	1,751,157	16,336,760
Financial Liabilities				
Derivative financial instruments	-	186,497	-	186,497

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2013 & 2012

11. FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES (continued)

	30 September 2013 SAR' 000
Reconciliation of movement in Level 3 (Unaudited)	
Opening balance	1,686,880
Total gains or losses	
- recognised in consolidated income statement	141
- recognised in other comprehensive income	78,787
Purchases	-
Redemption	(14,651)
Classified as associates (refer note 8)	-
Closing balance	1,751,157

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 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 expense between the operating segments.

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

Retail banking

Deposit, 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 2013 and 2012 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 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

30 September 2012		Investment banking and brokerage	Corporate	Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail					
Total assets	30,777,421	50,150	85,496,850	57,407,608	3,363,204	177,095,233
Total liabilities	47,470,114	61,811	88,521,894	7,815,626	2,177,112	146,046,557
Total operating income	1,489,551	279,291	2,216,914	909,643	220,494	5,115,893
Net special commission income	1,137,787	10,406	1,435,422	532,739	164,540	3,280,894
Fee and commission income, net	348,700	269,981	770,253	(14,099)	-	1,374,835
Total operating expenses	806,434	91,663	902,332	(102,720)	831,348	2,529,057
Depreciation and amortization	95,158	-	2,774	1,058	112,461	211,451
Impairment charge for credit losses, net	148,846	-	717,861	-	-	866,707
Impairment charge for investments, net	-	-	-	(130,000)	-	(130,000)
Share in earnings of associates, net	-	-	-	-	69,078	69,078
Net income (loss)	683,117	187,628	1,314,582	1,012,363	(541,776)	2,655,914

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2013 & 2012

13. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 30 September 2013 and 2012 is calculated by dividing the net income for the period by 1,500 million outstanding shares.

14. INTERIM DIVIDENDS

The Board of Directors initially approved interim dividends of SAR 975 million (2012: SAR 975 million), which was finally ratified and announced on 22 June 2013, resulting in dividends of SAR 0.65 per share (2012: 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 Group's business plans along with economic conditions which directly and indirectly affects 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:

For the purposes of presentation, the RWAs, total capital and related ratios as at September 30, 2013 are calculated using the framework and the methodologies defined under the Basel III framework. The comparative balances and ratios as at December 31, 2012 and September 30, 2012 are calculated under Basel II and have not been restated.

SAR Millions	30 September 2013	31 December 2012	30 September 2012
	(Unaudited)	(Audited)	(Unaudited)
Risk weighted assets			
Credit Risk	185,643	172,477	170,800
Operational Risk	11,469	11,132	11,013
Market Risk	894	1,145	1,667
Total Pillar-I risk weighted assets	<u>198,006</u>	<u>184,754</u>	<u>183,480</u>
Eligible capital			
Tier I Capital	32,553	28,289	28,189
Tier II Capital	1,072	4,330	3,525
Total Tier I & II Capital	<u>33,625</u>	<u>32,619</u>	<u>31,714</u>
Tier 1 Capital Adequacy Ratio %	16.4%	15.3%	15.4%
Total Capital Adequacy Ratio %	17.0%	17.7%	17.3%

16. COMPARATIVE FIGURES

Certain prior period figures have been reclassified to conform to 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.