

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

		30 September 2015	31 December 2014	30 September 2014
	Notes	SAR'000 (Unaudited)	SAR'000 (Audited)	SAR'000 (Unaudited)
ASSETS				
Cash and balances with SAMA		19,793,758	25,315,736	19,728,898
Due from banks and other financial institutions		6,572,450	3,914,504	5,074,669
Investments, net	5	47,015,175	46,963,269	46,855,024
Loans and advances, net	6	138,004,355	133,490,274	140,701,480
Investment in associates		516,665	468,535	457,033
Other real estate		237,955	390,802	390,161
Property and equipment, net		1,830,934	1,706,731	1,649,971
Other assets		3,004,001	2,339,442	2,212,174
Total assets		216,975,293	214,589,293	217,069,410
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		6,656,146	3,789,796	9,233,294
Customer deposits	7	160,413,283	164,079,433	161,641,314
Debt securities in issue	8	8,000,000	4,000,000	4,000,000
Other liabilities		6,143,614	7,182,959	7,328,640
Total liabilities		181,213,043	179,052,188	182,203,248
Shareholders' equity				
Share capital		30,000,000	30,000,000	30,000,000
Statutory reserve		1,088,102	1,088,102	-
Other reserves		365,702	1,038,937	1,428,402
Retained earnings		4,308,446	2,160,066	3,437,760
Proposed dividends		-	1,250,000	-
Total shareholders' equity		35,762,250	35,537,105	34,866,162
Total liabilities and shareholders' equity		216,975,293	214,589,293	217,069,410

The accompanying notes 1 to 19 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	
	2015	2014	2015	2014
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Special commission income	1,421,075	1,495,497	4,292,457	4,437,080
Special commission expense	159,504	179,788	454,089	635,351
Net special commission income	1,261,571	1,315,709	3,838,368	3,801,729
Fee and commission income, net	367,673	462,074	1,345,333	1,560,512
Exchange income, net	82,282	73,792	259,660	186,348
Trading gains/ (losses), net	12,861	(726)	30,878	(827)
Dividend income	21,735	17,252	56,484	54,703
Gains on non-trading investments, net	109,111	112,708	222,248	339,987
Other operating income-Note 15	7,790	9,439	328,954	74,799
Total operating income	1,863,023	1,990,248	6,081,925	6,017,251
Salaries and employee-related expenses	390,640	368,485	1,179,563	1,056,119
Rent and premises-related expenses	72,075	78,590	221,028	234,695
Depreciation of property and equipment	69,577	61,054	205,914	187,829
Other general and administrative expenses	74,864	196,899	439,680	564,752
Impairment charge for credit losses, net	358,110	217,400	801,246	684,144
Impairment charge for investments, net	-	-	9,609	-
Other operating expenses	14,990	10,572	57,967	32,881
Total operating expenses	980,256	933,000	2,915,007	2,760,420
Income from operating activities	882,767	1,057,248	3,166,918	3,256,831
Share in earnings of associates, net	15,783	19,041	31,462	35,169
Net income for the period	898,550	1,076,289	3,198,380	3,292,000
Basic and diluted earnings per share for the period (in SAR)-Note 16	0.30	0.36	1.07	1.10

The accompanying notes 1 to 19 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	For the three month period ended 30 September		For the nine months period ended 30 September	
	2015	2014	2015	2014
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	898,550	1,076,289	3,198,380	3,292,000
Other comprehensive income:				
- Available for sale investments				
Net changes in fair value	(563,795)	98,474	(492,585)	573,570
Net amounts transferred to interim condensed consolidated income statement	(80,937)	(112,356)	(180,650)	(329,732)
Other comprehensive income for the period	<u>(644,732)</u>	<u>(13,882)</u>	<u>(673,235)</u>	<u>243,838</u>
Total comprehensive income for the period	<u>253,818</u>	<u>1,062,407</u>	<u>2,525,145</u>	<u>3,535,838</u>

The accompanying notes 1 to 19 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 2015 & 2014

	SAR'000					
	Share capital	Statutory reserve	Other reserves Available for sale investments	Retained earnings	Proposed dividends	Total
30 September 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
Final dividends paid - 2014	-	-	-	-	(1,250,000)	(1,250,000)
Total comprehensive income for the period	-	-	(673,235)	3,198,380	-	2,525,145
Interim dividends paid -2015(Note 14)				(1,050,000)		(1,050,000)
Balance at the end of the period	30,000,000	1,088,102	365,702	4,308,446	-	35,762,250
30 September 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)
Transfer to retained earnings	-	671,624	-	(671,624)	-	-
Issue of bonus shares	15,000,000	(15,000,000)	-	-	-	-
Total comprehensive income for the period	-	-	243,838	3,292,000	-	3,535,838
Interim dividends - 2014 (Note 14)	-	-	-	(1,140,000)	-	(1,140,000)
Balance at the end of the period	30,000,000	-	1,428,402	3,437,760	-	34,866,162

The accompanying notes 1 to 19 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 2015 & 2014

	For the nine months period ended	
	2015	2014
	SAR'000	SAR'000
Notes		
OPERATING ACTIVITIES		
Net income for the period	3,198,380	3,292,000
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	(68,052)	(95,288)
Gains on non-trading investments, net	(222,248)	(339,987)
Depreciation of property and equipment	205,914	187,829
Impairment charge for credit losses, net	801,246	684,144
Impairment charge for investments, net	9,609	-
Share in earnings of associates, net	(31,462)	(35,169)
	<u>3,893,387</u>	<u>3,693,529</u>
Net (increase) decrease in operating assets:		
Statutory deposit with SAMA	(762,478)	(721,861)
Due from banks and other financial institutions maturing after three months from date of acquisition	(464,590)	1,148,027
Loans and advances	(5,315,327)	(10,195,067)
Other real estate	152,847	47,207
Other assets	(664,559)	396,137
Net increase (decrease) in operating liabilities:		
Due to banks and other financial institutions	2,866,350	1,655,314
Customer deposits	(3,666,150)	8,441,434
Other liabilities	(1,198,680)	624,967
	<u>(5,159,200)</u>	<u>5,089,687</u>
Net cash (used in) / from operating activities		
	<u>(5,159,200)</u>	<u>5,089,687</u>
INVESTING ACTIVITIES		
Proceeds from sales and maturities of non-trading investments	19,073,670	18,215,841
Purchase of non-trading investments	(19,534,788)	(20,833,228)
Purchase of property and equipment, net	(330,117)	(175,150)
	<u>(791,235)</u>	<u>(2,792,537)</u>
Net cash used in investing activities		
	<u>(791,235)</u>	<u>(2,792,537)</u>
FINANCING ACTIVITIES		
Debt securities issued	8 4,000,000	-
Dividend and zakat paid	(2,140,665)	(2,434,622)
	<u>1,859,335</u>	<u>(2,434,622)</u>
Net cash from / (used in) financing activities		
	<u>(4,091,100)</u>	<u>(137,472)</u>
Net decrease in cash and cash equivalents		
	<u>20,772,910</u>	<u>16,008,972</u>
Cash and cash equivalents at the beginning of the period		
	<u>16,681,810</u>	<u>15,871,500</u>
	<u>16,681,810</u>	<u>15,871,500</u>
Special commission received during the period	4,137,503	4,351,674
Special commission paid during the period	506,400	695,842
	<u>4,643,903</u>	<u>5,047,516</u>
Supplemental non-cash information		
Net changes in fair value and transfer to interim condensed consolidated income statement	<u>(673,235)</u>	<u>243,838</u>

The accompanying notes 1 to 19 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 2015 & 2014

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 (30 September 2014: 316) 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

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 2014 except for the adoption of the following 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

5. INVESTMENTS, NET

Investment securities are classified as follows:

SAR 000'	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Investments:			
- Available for sale	16,196,804	16,928,130	17,126,887
- Other investments held at amortised cost	30,763,170	29,809,057	29,492,288
- Held to maturity	55,201	226,082	235,849
Total	47,015,175	46,963,269	46,855,024

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 2015 was SAR 3,176 million (30 September 2014: SAR 3,556 million).

Had the reclassification not occurred, the interim condensed consolidated income statement for the three and nine months period ended 30 September 2015 would have included unrealised fair value loss on such reclassified investments amounting to SAR 102 million and unrealised fair value gain on such reclassified investments amounting to SAR 9 million respectively (30 September 2014: unrealised fair value loss of SAR 18.7 million and unrealised fair value gain SAR 123.8 million).

6. LOANS AND ADVANCES, NET

Loans and advances held at amortised cost comprise the following:

SAR 000'	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Consumer loans	37,528,232	38,430,973	38,142,588
Commercial loans, overdrafts and others	100,172,793	95,016,515	102,635,632
Credit cards	876,993	979,453	998,743
Performing loans and advances	138,578,018	134,426,941	141,776,963
Non performing loans and advances	1,219,200	1,049,927	1,277,402
Gross loans and advances	139,797,218	135,476,868	143,054,365
Allowance for impairment	(1,792,863)	(1,986,594)	(2,352,885)
Loans and advances held at amortised cost, net	138,004,355	133,490,274	140,701,480

7. CUSTOMER DEPOSITS

Customer deposits are comprised of the following:

SAR 000'	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Demand	84,155,965	71,589,238	73,802,724
Saving	296,371	289,033	288,231
Time	67,481,351	82,186,503	78,260,540
Other	8,479,596	10,014,659	9,289,819
Total	160,413,283	164,079,433	161,641,314

8. DEBT SECURITIES IN ISSUE

During June 2015, the Bank issued SAR 4,000 million Subordinated debt (Sukuk). These are SAR denominated and have maturity date of 24 June 2025 and are callable after 5 years, subject to the terms and conditions of the agreement. The notes carry a special commission rate of SAIBOR plus 115 basis points.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

9. 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.

SAR 000'	30 September 2015 (Unaudited)			31 December 2014 (Audited)			30 September 2014 (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
Derivatives held for trading:									
Special commission rate swaps	46,674	(16,742)	4,929,713	1,992	(1,996)	1,351,794	2,241	(2,240)	1,216,783
Forward foreign exchange contracts	95,904	(96,910)	42,650,703	401,348	(353,073)	60,955,155	554,436	(371,916)	82,850,998
Currency options	37,978	(37,978)	7,063,639	14,794	(14,794)	3,103,235	10,017	(10,017)	2,014,676
Commodity options	775	(775)	4,356	978	(978)	18,499	216	(216)	26,530
Held as fair value hedges:									
Special commission rate swaps	287	(65)	230,474				-	-	-
Total	181,618	(152,470)	54,878,885	419,112	(370,841)	65,428,683	566,910	(384,389)	86,108,987

10. CREDIT RELATED COMMITMENTS AND CONTINGENCIES AND OTHERS

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

SAR 000'	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Letters of credit	11,115,102	12,426,803	14,799,896
Letters of guarantee	82,958,122	81,459,813	78,213,061
Acceptances	2,811,574	2,627,641	2,771,257
Irrevocable commitments to extend credit	10,904,668	9,631,086	13,386,764
Total	107,789,466	106,145,343	109,170,978

b) Others

During the period ended 30 September 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, have remained same as disclosed in the annual consolidated financial statements for the year ended 31 December 2014.

11. CASH AND CASH EQUIVALENTS

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

SAR 000'	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	10,761,527	17,045,983	11,433,238
Due from banks and other financial institutions maturing within three months from date of acquisition	5,920,283	3,726,927	4,438,262
Total	16,681,810	20,772,910	15,871,500

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

12. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantages accessible market for the asset or liability

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

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

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

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

Fair value and fair value hierarchy

30 September 2015 SAR' 000 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets				
Derivative financial instruments	-	181,618	-	181,618
Financial investments available for sale	15,119,873	5,157	1,071,774	16,196,804
Financial liabilities				
Derivative financial instruments	-	152,470	-	152,470
 30 September 2014 SAR' 000 (Unaudited)	 Level 1	 Level 2	 Level 3	 Total
Financial assets				
Derivative financial instruments	-	566,910	-	566,910
Financial investments available for sale	15,590,063	147,645	1,389,179	17,126,887
Financial liabilities				
Derivative financial instruments	-	384,389	-	384,389

Reconciliation of movement in Level 3 (Unaudited)

	30 September 2015 SAR' 000	30 September 2014 SAR' 000
Opening balance	1,406,117	1,506,670
Total gains or losses		
- recognised in consolidated income statement	(85,666)	(41,867)
- recognised in other comprehensive income	43,962	73,227
Purchases	-	-
Redemption	(292,638)	(148,851)
Closing balance	1,071,775	1,389,179

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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

13. OPERATING SEGMENTS

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

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

Retail banking

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

Investment banking and brokerage

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

Corporate banking

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

Treasury and investment

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

Other

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

The Group's total assets and liabilities at 30 September 2015 & 2014 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 2015		Investment banking and brokerage		Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail		Corporate			
Total assets	41,143,539	98,065	97,554,456	75,025,404	3,153,829	216,975,293
Total liabilities	59,291,388	51,783	100,544,517	18,298,054	3,027,301	181,213,043
Total operating income	1,916,860	270,281	2,645,659	951,487	297,638	6,081,925
Net special commission income	1,578,485	36,970	1,836,083	418,954	(32,124)	3,838,368
Fee and commission income, net	316,387	232,896	805,775	(9,725)	-	1,345,333
Total operating expenses	1,794,590	121,046	(66,016)	44,536	1,020,851	2,915,007
Depreciation and amortization	76,649	-	3,376	6,455	119,434	205,914
Impairment charge for credit losses, net	1,083,128	-	(281,882)	-	-	801,246
Impairment charge for investments, net	-	-	-	9,609	-	9,609
Share in earnings of associates, net	-	-	-	-	31,462	31,462
Net income (loss)	122,270	149,235	2,711,675	906,951	(691,751)	3,198,380

30 September 2014		Investment banking and brokerage		Treasury and investment	Other	Total
SAR'000 (Unaudited)	Retail		Corporate			
Total assets	41,057,412	87,280	100,549,696	71,616,989	3,758,033	217,069,410
Total liabilities	55,432,947	75,230	99,931,770	23,714,956	3,048,345	182,203,248
Total operating income	1,884,831	307,887	2,671,199	953,934	199,400	6,017,251
Net special commission income	1,529,942	32,159	1,706,819	402,049	130,760	3,801,729
Fee and commission income, net	349,986	273,847	942,066	(5,387)	-	1,560,512
Total operating expenses	936,538	113,982	648,241	27,744	1,033,915	2,760,420
Depreciation and amortization	66,457	-	3,074	1,638	116,660	187,829
Impairment charge for credit losses, net	241,644	-	442,500	-	-	684,144
Impairment charge for investments, net	-	-	-	-	-	-
Share in earnings of associates, net	-	-	-	-	35,169	35,169
Net income (loss)	948,293	193,905	2,022,958	926,190	(799,346)	3,292,000

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

For the nine months period ended 30 September 2015 & 2014

14. INTERIM DIVIDENDS

The Board of Directors initially approved interim dividends of SAR 1,050 million (2014: SAR 1,140 million), which was finally ratified and announced on 5 July 2015, resulting in dividends of SAR 0.35 per share (2014: SAR 0.38 per share) to the shareholders. Zakat will be determined and deducted from the shareholders' dividends at year-end.

15. OTHER OPERATING INCOME

During the previous quarter, the Bank sold land with a book value of SAR 80.9 million. The sold properties were initially acquired in settlement of certain loans and advances.

The gain on sale of land amounting to SAR 266.6 million is included in Other operating income.

16. EARNINGS PER SHARE

Basic and diluted earnings per share for the period ended 30 September 2015 and 2014 are calculated by dividing the net income for the period by 3,000 million outstanding shares.

17. 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.

The Group's consolidated Risk Weighted Assets (RWA), Tier I and Tier II Capital and Capital Adequacy Ratios on a consolidated group basis, calculated under the Basel III framework, are as follows:

SAR Millions	30 September 2015 (Unaudited)	31 December 2014 (Audited)	30 September 2014 (Unaudited)
Risk weighted assets			
Credit Risk	206,735	197,423	205,434
Operational Risk	13,375	12,816	12,210
Market Risk	2,181	978	549
Total Pillar-I risk weighted assets	<u>222,291</u>	<u>211,217</u>	<u>218,193</u>
Eligible capital			
Tier I Capital	35,762	35,537	34,866
Tier II Capital	5,072	1,072	1,072
Total Tier I & II Capital	<u>40,834</u>	<u>36,609</u>	<u>35,938</u>
Tier 1 Capital Adequacy Ratio %	16.1%	16.8%	16.0%
Total Capital Adequacy Ratio %	18.4%	17.3%	16.5%

18. COMPARATIVE FIGURES

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

19. 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.