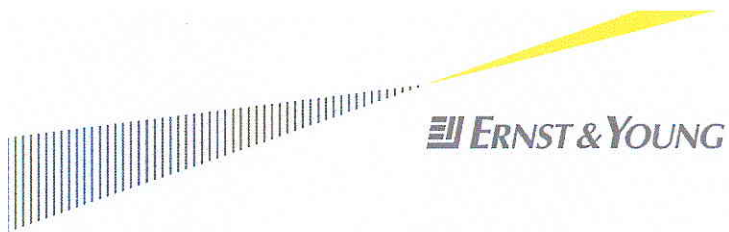


SAMBA FINANCIAL GROUP

**INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
AND AUDITORS' REVIEW REPORT**

**FOR THE THREE MONTH PERIOD ENDED
MARCH 31, 2013**



Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Samba Financial Group
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim statement of consolidated financial position of Samba Financial Group (the "Bank") and its subsidiaries (collectively referred to as "the Group") as at March 31, 2013 and the related interim statements of consolidated income, consolidated comprehensive income, consolidated changes in equity and consolidated cash flows for the three month period then ended and the notes from (1) to (14a), which form an integral part of these interim condensed consolidated financial statements. We have not reviewed note (14b)), nor the information related to "Basel II Pillar III Disclosures" 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.

Other Regulatory Matters

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

Ernst & Young
P O Box 2732
Riyadh 11461
Kingdom of Saudi Arabia



Rashid S. Al Rashoud
Certified Public Accountant
License Number 366

PricewaterhouseCoopers
P O Box 8282
Riyadh 11482
Kingdom of Saudi Arabia



Khalid A. Mahdar
Certified Public Accountant
License Number 368

4 Jumada II 1434H
(April 14, 2013)



	Notes	Mar 31, 2013 (Unaudited) (SR '000)	Dec 31, 2012 (Audited) (SR '000)	Mar 31, 2012 (Unaudited) (SR '000)
ASSETS				
Cash and balances with central banks		18,212,726	30,916,137	34,618,703
Due from banks and other financial institutions		5,014,224	3,642,333	6,133,957
Investments, net	5	63,749,218	52,575,973	55,145,029
Loans and advances, net	6	106,550,071	104,786,045	92,782,869
Property and equipment, net		1,644,837	1,547,928	1,286,772
Other assets		5,623,233	5,755,723	6,198,516
Total assets		200,794,309	199,224,139	196,165,846
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		9,408,101	11,956,659	19,248,058
Customer deposits	7	151,686,312	148,736,368	139,903,013
Other liabilities		7,737,381	6,792,325	7,664,359
Total liabilities		168,831,794	167,485,352	166,815,430
EQUITY				
Equity attributable to equity holders of the Bank				
Share capital		9,000,000	9,000,000	9,000,000
Statutory reserve		9,000,000	9,000,000	9,000,000
General reserve		130,000	130,000	130,000
Other reserves		110,844	101,386	34,334
Retained earnings		14,735,101	13,576,835	12,207,726
Proposed dividend		-	943,000	-
Treasury stocks		-1,112,554	-1,114,354	-1,150,445
Total equity attributable to equity holders of the Bank		31,863,391	31,636,867	29,221,615
Non-controlling interest		99,124	101,920	128,801
Total equity		31,962,515	31,738,787	29,350,416
Total liabilities and equity		200,794,309	199,224,139	196,165,846

The accompanying notes 1 to 14 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED INCOME

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Unaudited

	<u>Three months ended</u>	
	Mar 31, 2013	Mar 31, 2012
	(SR '000)	(SR '000)
Special commission income	1,196,295	1,198,424
Special commission expense	114,339	143,615
Special commission income, net	1,081,956	1,054,809
Fees and commission income, net	484,393	494,820
Exchange income, net	101,165	113,440
Income from investments held at FVIS, net	73,331	35,416
Trading income, net	51,720	32,388
Gains on non-trading investments, net	52,666	28,411
Other operating income	51,738	36,872
Total operating income	1,896,969	1,796,156
Salaries and employee related expenses	295,867	299,090
Rent and premises related expenses	63,936	61,967
Depreciation	35,667	33,892
Other general and administrative expenses	124,822	119,042
Provision for credit losses, net of recoveries	218,195	137,543
Total operating expenses	738,487	651,534
Net income for the periods	1,158,482	1,144,622
Attributable to:		
Equity holders of the Bank	1,158,266	1,144,504
Non-controlling interest	216	118
	1,158,482	1,144,622
Basic and diluted earnings per share for the periods (SR) - note 12	1.29	1.27

The accompanying notes 1 to 14 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
Unaudited

	<u>Three months ended</u>	
	Mar 31, 2013	Mar 31, 2012
	(SR '000)	(SR '000)
Net income for the periods	1,158,482	1,144,622
Other comprehensive income:		
Exchange differences on translation of foreign operations	(7,406)	4,017
Available for sale financial assets:		
- Change in fair values	127,506	756,713
- Transfers to statement of consolidated income	(52,666)	(27,849)
Cash flow hedges:		
- Change in fair values	(87,492)	(32,541)
- Transfers to statement of consolidated income	26,504	61,883
Total comprehensive income for the periods	<u>1,164,928</u>	<u>1,906,845</u>
Attributable to:		
Equity holders of the Bank	1,167,724	1,905,503
Non-controlling interest	(2,796)	1,342
Total	<u>1,164,928</u>	<u>1,906,845</u>

The accompanying notes 1 to 14 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY

Unaudited

	Attributable to equity holders of the Bank											
	Share capital (SR'000)	Statutory reserve (SR'000)	General reserve (SR'000)	Other reserves			Retained earnings (SR'000)	Proposed dividends (SR'000)	Treasury stocks (SR'000)	Total (SR'000)	Non controlling interest (SR'000)	Total equity (SR'000)
				Exchange translation reserve (SR'000)	AFS financial assets (SR'000)	Cash flow hedges (SR'000)						
For the three months period ended March 31, 2013												
Balance at the beginning of the period	9,000,000	9,000,000	130,000	(137,703)	205,390	33,699	13,576,835	943,000	(1,114,354)	31,636,867	101,920	31,738,787
Net changes in treasury stocks	-	-	-	-	-	-	-	-	1,800	1,800	-	1,800
2012 final dividend	-	-	-	-	-	-	-	(943,000)	-	(943,000)	-	(943,000)
Total comprehensive income for the period	-	-	-	(5,090)	75,536	(60,988)	1,158,266	-	-	1,167,724	(2,796)	1,164,928
Balance at end of the period	9,000,000	9,000,000	130,000	(142,793)	280,926	(27,289)	14,735,101	-	(1,112,554)	31,863,391	99,124	31,962,515
For the three months period ended March 31, 2012												
Balance at the beginning of the period	9,000,000	9,000,000	130,000	(113,500)	(645,382)	32,217	11,051,460	831,000	(1,155,892)	28,129,903	127,459	28,257,362
Net changes in treasury stocks	-	-	-	-	-	-	11,762	-	5,447	17,209	-	17,209
2011 final dividend	-	-	-	-	-	-	-	(831,000)	-	(831,000)	-	(831,000)
Total comprehensive income for the period	-	-	-	(2,348)	734,005	29,342	1,144,504	-	-	1,905,503	1,342	1,906,845
Balance at end of the period	9,000,000	9,000,000	130,000	(115,848)	88,623	61,559	12,207,726	-	(1,150,445)	29,221,615	128,801	29,350,416

The accompanying notes 1 to 14 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED CASH FLOWS
Unaudited

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	Note	Three months ended	
		Mar 31, 2013 (SR '000)	Mar 31, 2012 (SR '000)
OPERATING ACTIVITIES			
Net income for the periods		1,158,482	1,144,622
Adjustments to reconcile net income to net cash used in operating activities:			
Accretion of discount and amortization of premium on non-trading investments, net		21,875	16,146
Income from investments held at FVIS, net		(73,331)	(35,416)
Gain on non-trading investments, net		(52,666)	(28,411)
Depreciation		35,667	33,892
Loss/(gain) on disposal of property and equipment, net		222	(3,477)
Provision for credit losses, net of recoveries		218,195	137,543
Net (increase)/decrease in operating assets:			
Statutory deposits with central banks		(62,572)	(253,153)
Due from banks and other financial institutions maturing after ninety days		(236,457)	(3,242,094)
Investments held for trading		(386,034)	388
Loans and advances		(1,982,221)	(3,808,983)
Other assets		132,490	(120,752)
Net increase/(decrease) in operating liabilities:			
Due to banks and other financial institutions		(2,548,558)	(1,380,235)
Customer deposits		2,949,944	2,646,149
Other liabilities		140,414	299,168
Net cash used in operating activities		(684,550)	-4,594,613
INVESTING ACTIVITIES			
Proceeds from sale of and matured non-trading investments		13,268,281	21,422,243
Purchase of non-trading investments		(23,875,835)	(15,611,255)
Purchase of property and equipment, net		(133,076)	(145,930)
Proceeds from sale of property and equipment		278	3,611
Net cash (used in)/from investing activities		(10,740,352)	5,668,669
FINANCING ACTIVITIES			
Treasury stocks, net		1,800	17,209
Dividends paid		(207,447)	(74,396)
Net cash used in financing activities		(205,647)	-57,187
(Decrease)/increase in cash and cash equivalents		(11,630,549)	1,016,869
Cash and cash equivalents at the beginning of the period	10	24,319,939	26,507,147
Cash and cash equivalents at the end of the period	10	12,689,390	27,524,016
Special commission received during the period		1,187,831	1,180,296
Special commission paid during the period		154,693	137,973
Supplemental non-cash information			
Net changes in fair value and transfers to Statements of Consolidated Income		13,852	758,206

The accompanying notes 1 to 14 form an integral part of the interim condensed consolidated financial statements.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**(Unaudited)****1. GENERAL**

Samba Financial Group (the "Bank"), a Joint Stock Company incorporated in the Kingdom of Saudi Arabia, was formed pursuant to Royal Decree No. M/3 dated 26 Rabie Al-Awal 1400H (February 12, 1980). The Bank commenced business on 29 Shabaan 1400H (July 12, 1980) when it took over the operations of Citibank in the Kingdom of Saudi Arabia. The Bank operates under commercial registration no. 1010035319 dated 6 Safar 1401H (December 13, 1980). The Bank's head office is located at King Abdul Aziz Road, P.O. Box 833, Riyadh 11421, Kingdom of Saudi Arabia.

The objective of the Bank is to provide a full range of banking and related services. The Bank also provides to its customers non-interest based banking products that are approved and supervised by an independent Shariah Board established by the Bank.

The interim condensed consolidated financial statements include the financial statements of the Bank and its following subsidiaries, hereinafter collectively referred to as "the Group":

Samba Capital and Investment Management Company (Samba Capital)

In accordance with the Securities Business Regulations issued by the Capital Market Authority ("CMA"), the Bank has established a wholly owned subsidiary, Samba Capital and Investment Management Company formed as a limited liability company under commercial registration number 1010237159 issued in Riyadh dated 6 Shabaan 1428H (August 19, 2007), to manage the Bank's investment services and asset management activities related to dealing, arranging, managing, advisory and custody businesses. The Company has been licensed by the CMA and has commenced its business effective January 19, 2008.

Samba Bank Limited, Pakistan (SBL)

An 80.68% owned subsidiary incorporated as a banking company in Pakistan and engaged in commercial banking and related services, and listed on all stock exchanges in Pakistan.

Co-Invest Offshore Capital Limited (COCL)

A wholly owned company incorporated under the laws of Cayman Islands for the purpose of managing certain overseas investments, through an entity controlled by COCL.

Samba Real Estate Company

A wholly owned subsidiary incorporated in Saudi Arabia under commercial registration no. 1010234757, issued in Riyadh, dated 9 Jumada II, 1428H (June 24, 2007). The company has been formed with the approval of SAMA for the purpose of managing real estate projects on behalf of Samba Real Estate Fund - a fund under management by Samba Capital, and the Bank.

2. BASIS OF PREPARATION

The Bank prepares these interim condensed consolidated financial statements 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. These interim condensed consolidated financial statements should be read in conjunction with the annual consolidated financial statements of the Group for the year ended December 31, 2012.

The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SR) and amounts are rounded to the nearest thousand. The comparative information has been reclassified, where required, to conform to current period presentation.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)**3. BASIS OF CONSOLIDATION**

These interim condensed consolidated financial statements include the financial position and results of Samba Financial Group and its subsidiary companies. The financial statements of subsidiaries are prepared for the same reporting period as that of the Bank except for COCL whose financial statements are as of previous quarter end for consolidation purposes to meet the group reporting timetable. Wherever necessary, adjustments have been made to the financial statements of the subsidiaries to align with the Bank's financial statements. Significant inter-group balances and transactions are eliminated upon consolidation.

Subsidiaries are the entities that are controlled by the Bank. The Bank controls an entity when, it is exposed, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity. Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which control is transferred from the Bank. The results of subsidiaries acquired or disposed off during the period are included in the statements of consolidated income from the date of the acquisition or up to the date of disposal, as appropriate.

Non-controlling interests represent the portion of net income or loss and net assets not owned, directly or indirectly, by the Bank in subsidiaries and are presented in the interim statements of consolidated income and within equity in the statements of consolidated financial position, separately from the equity holders of the Bank.

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 Group's annual consolidated financial statements for the year ended December 31, 2012 except for the amendments to existing standards and interpretation and new standards mentioned below, which the Bank has adopted:

- Amendments - IAS 1 - Presentation of Items of Other Comprehensive Income.
- Amendments - IAS 34 - Interim financial reporting and segment information for total assets and liabilities.
- Amendments - IFRS 7 - Financial Instruments: Disclosures: Offsetting Financial Assets and Financial Liabilities.
- IFRS 10 - Consolidated Financial Statements and IAS 27 Separate Financial Statements.
- IFRS 13 - Fair Value Measurement.

5. INVESTMENTS, NET

Investment securities are classified as follows:

	Mar 31, 2013 (Unaudited) (SR'000)	Dec 31, 2012 (Audited) (SR'000)	Mar 31, 2012 (Unaudited) (SR'000)
Held at fair value through income statement (FVIS)	4,139,754	3,571,735	2,470,121
Available for sale (AFS)	48,749,904	37,840,846	35,795,071
Held to maturity	5,589,936	5,587,593	5,580,915
Other investments held at amortized cost	5,269,624	5,575,799	11,298,922
TOTAL	63,749,218	52,575,973	55,145,029

FVIS investments above include investments held for trading amounting to SR 1,916.7 million (December 31, 2012: SR 1,530.7 million, March 31, 2012: SR 665.2 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

6. LOANS AND ADVANCES, NET

The total loans and advances, which are held at amortised cost, are classified as follows:

	Mar 31, 2013 (Unaudited) (SR'000)	Dec 31, 2012 (Audited) (SR'000)	Mar 31, 2012 (Unaudited) (SR'000)
Credit cards	1,315,270	1,312,529	1,269,996
Consumer loans	18,715,227	18,192,313	16,632,321
Commercial loans and advances	87,378,749	86,059,033	75,626,571
Performing loans and advances	107,409,246	105,563,875	93,528,888
Non performing loans and advances	2,454,756	2,340,966	2,819,277
Gross loans and advances	109,864,002	107,904,841	96,348,165
Provision for credit losses	(3,313,931)	(3,118,796)	(3,565,296)
TOTAL	106,550,071	104,786,045	92,782,869

7. CUSTOMER DEPOSITS

Customer deposits are classified as follows:

	Mar 31, 2013 (Unaudited) (SR'000)	Dec 31, 2012 (Audited) (SR'000)	Mar 31, 2012 (Unaudited) (SR'000)
Demand	95,351,041	88,740,230	84,934,078
Saving	5,075,210	4,830,960	4,482,544
Time	45,244,517	49,250,228	45,627,907
Other	6,015,544	5,914,950	4,858,484
TOTAL	151,686,312	148,736,368	139,903,013

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

8. DERIVATIVES

The table below sets out the positive and negative fair values of derivative financial instruments, which have been accounted for in these interim condensed consolidated financial statements, 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. Positive and negative fair values are classified under other assets and other liabilities respectively.

All derivatives are reported in the interim condensed consolidated statement of financial position at fair value. In addition, where applicable, all such contracts covered by master netting agreements are reported net. Gross positive or negative fair values are netted with the cash collateral received or paid to a given counterparty pursuant to a valid master netting agreement.

	Mar 31, 2013 (Unaudited) (SR '000)			Dec 31, 2012 (Audited) (SR '000)			Mar 31, 2012 (Unaudited) (SR '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									
Commission rate swaps	3,585,661	1,147,704	105,710,925	3,907,342	1,348,025	101,137,292	4,008,184	1,261,242	96,322,170
Commission rate futures, options and guarantees	3,084	3,187	251,298	1,335	2,336	112,520	9,306	9,995	1,077,365
Forward foreign exchange contracts	66,365	51,574	32,722,540	128,040	125,016	34,416,867	154,315	128,832	35,594,593
Currency options	616,959	610,756	104,980,783	398,560	393,022	47,828,620	710,633	710,217	73,823,727
Swaptions	29,897	35,804	2,466,276	35,203	38,584	2,630,787	28,683	27,653	2,345,208
Equity & commodity options	12,755	15,402	387,364	22,709	23,267	662,520	14,420	16,824	467,621
Other	707	2,730	147,650	-	2,390	64,333	18,102	202	336,476
Held as fair value hedges									
Commission rate swaps	-	-	-	-	1,096	46,875	-	2,219	46,875
Held as cash flow hedges									
Commission rate swaps	160,562	135,564	4,698,750	159,959	97,041	4,473,750	255,408	72,476	7,716,500
TOTAL	4,475,990	2,002,721	251,365,586	4,653,148	2,030,777	191,373,564	5,199,051	2,229,660	217,730,535

The amount of payables in respect of cash collateral received that was netted with unrealized gains from derivatives is SAR 266.0 million (Dec 31, 2012: SAR 292.8 million, Mar 31, 2012: SAR 404.8 million). The amount of receivables in respect of cash collateral paid that was netted with unrealized losses from derivatives is SAR 2,648 million (Dec 31, 2012: SAR 2,829 million, Mar 31, 2012: SAR 3,064 million).

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)**9. CREDIT RELATED COMMITMENTS AND CONTINGENCIES**

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

	Mar 31, 2013 (Unaudited) (SR '000)	Dec 31, 2012 (Audited) (SR '000)	Mar 31, 2012 (Unaudited) (SR '000)
Letters of credit	8,622,577	8,670,011	8,487,937
Letters of guarantee	29,750,408	29,685,267	29,060,198
Acceptances	1,855,157	1,910,949	2,493,922
Irrevocable commitments to extend credit	4,980,203	4,778,055	4,683,263
Other	268,018	296,812	354,254
TOTAL	45,476,363	45,341,094	45,079,574

10. CASH AND CASH EQUIVALENTS

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

	Mar 31, 2013 (Unaudited) (SR '000)	Dec 31, 2012 (Audited) (SR '000)	Mar 31, 2012 (Unaudited) (SR '000)
Cash and balances with central banks excluding statutory deposits	10,234,666	23,000,649	27,319,854
Due from banks and other financial institutions maturing within ninety days	2,454,724	1,319,290	204,162
TOTAL	12,689,390	24,319,939	27,524,016

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)**11. OPERATING SEGMENTS**

The Group is organised into the following main operating segments:

Consumer - comprises of individual customer time deposits, current, call and savings accounts, as well as credit cards, retail investment products, individual and consumer loans.

Corporate - comprises of corporate time deposits, current and call accounts, overdrafts, loans and other credit facilities as well as the Group's investment, trading and derivative portfolios and its corporate advisory business.

Treasury - principally manages money market, foreign exchange, commission rate trading and derivatives for corporate and institutional customers as well as for the Group's own account. It is also responsible for funding the Group's operations, maintaining liquidity and managing the Group's investment portfolio and statement of financial position.

Investment banking - engaged in investment management services and asset management activities related to dealing, managing, arranging, advising and custody businesses. The investment banking business is housed under a separate legal entity Samba Capital and Investment Management Company.

The Group's primary business is conducted in the Kingdom of Saudi Arabia with three overseas branches and two overseas subsidiaries. However, the results of overseas operations are not material to the Group's overall interim condensed consolidated financial statements.

Transactions between the operating segments are on normal commercial terms. Funds are ordinarily reallocated between segments, resulting in funding cost transfers. Special commission charged for these funds is based on interbank rates. There are no other material items of income or expense between the operating segments. The Group's total assets and liabilities as at March 31, 2013 and 2012, together with total operating income, total operating expenses, provisions for credit losses, net income, capital expenditure, and depreciation expense for the periods then ended, by operating segments, are as follows:

March 31, 2013 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	36,562,786	83,931,496	80,205,974	94,053	200,794,309
Total liabilities	77,527,566	80,051,547	11,143,003	109,678	168,831,794
Total operating income	582,760	644,808	465,720	203,681	1,896,969
Total operating expenses	326,493	340,913	29,280	41,801	738,487
of which:					
Depreciation	11,994	21,306	361	2,006	35,667
Provisions for credit losses	17,400	200,795	-	-	218,195
Net income for the period	256,267	303,895	436,440	161,880	1,158,482
Capital expenditure	12,461	116,896	359	3,360	133,076

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)
(Unaudited)

11. OPERATING SEGMENTS (continued)

March 31, 2012 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	33,153,861	72,763,624	90,148,785	99,576	196,165,846
Total liabilities	69,865,242	75,932,585	20,927,294	90,309	166,815,430
Total operating income	597,254	622,338	318,534	258,030	1,796,156
Total operating expenses	315,924	276,302	28,602	30,706	651,534
of which:					
- Depreciation	12,368	19,148	372	2,004	33,892
- Provisions for credit losses	9,300	128,243	-	-	137,543
Net income for the period	281,330	346,036	289,932	227,324	1,144,622
Capital expenditure	10,846	134,855	124	105	145,930

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended March 31, 2013 and 2012 are calculated by dividing the net income for the periods attributable to the equity holders of the Bank, by 900 million shares.

13. FAIR VALUES OF FINANCIAL INSTRUMENTS

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

Level 1 - Quoted prices in active markets for the same instrument (i.e. without modification or repacking);

Level 2 - Quoted prices in active markets for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data; and

Level 3 - Valuation techniques for which any significant input is not based on observable market data.

March 31, 2013 (Unaudited) - SR'000	Level 1	Level 2	Level 3	Total
Financial Assets				
Financial assets held at FVIS	1,359,912	2,779,842	-	4,139,754
Financial investments available for sale	17,390,461	30,505,630	853,813	48,749,904
Total	18,750,373	33,285,472	853,813	52,889,658
Financial Liabilities				
Financial liabilities designated at FVIS	-	54,700	-	54,700
Total	-	54,700	-	54,700
Derivative financial instruments				
Financial assets	1,642	4,474,348	-	4,475,990
Financial liabilities	1,677	2,001,044	-	2,002,721

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

The fair values of on-balance sheet 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. At March 31, 2013, the fair values of investments held to maturity and other investments held at amortized cost amounted to SR 6,149 million and SR 5,217 million respectively. The fair values of loans and advances, commission bearing customer deposits, 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 interim condensed consolidated 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.

The comparative figures are not presented as per the requirement of the applicable accounting standards.

14 (a) 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. These ratios measure capital adequacy by comparing the Group's eligible capital with its statement of financial position assets, commitments and contingencies, notional amount of derivatives at a weighted amount to reflect their relative credit risk, market risk and operational risk. During the period, the Group has fully complied with such regulatory capital requirement.

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. The overseas subsidiary manages its own capital as prescribed by local regulatory requirements.

SAMA has issued the framework and guidance regarding implementation of the capital reforms under Basel III and the related disclosures which are effective from January 1, 2013. Accordingly, calculated under the Basel III framework, the Group's consolidated Risk Weighted Assets (RWA), total capital and related ratios on a consolidated group basis and on a standalone basis for its significant banking subsidiary calculated for the credit, market and operational risks, are as follows:

	Mar 31, 2013 (Unaudited) (SR '000)	Dec 31, 2012 (Audited) (SR '000)	Mar 31, 2012 (Unaudited) (SR '000)
Samba Financial Group (consolidated)			
Credit risk RWA	161,963,669	142,000,392	136,625,429
Operational risk RWA	11,670,285	11,733,132	11,739,488
Market risk RWA	13,237,775	12,936,644	12,497,250
Total RWA	186,871,729	166,670,168	160,862,167
Tier I capital	31,847,683	31,714,417	28,179,775
Tier II capital	1,840,293	1,696,695	2,852,322
Total tier I & II capital	33,687,976	33,411,112	31,032,097
Capital Adequacy Ratio %			
Tier I ratio	17.0%	19.0%	17.5%
Tier I + II ratio	18.0%	20.0%	19.3%
Capital adequacy ratios for SBL are as follows:			
Tier I ratio	55.3%	45.9%	51.9%
Tier I + II ratio	55.4%	46.0%	51.9%

For the purposes of presentation, the RWAs, total capital and related ratios as at March 31, 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 March 31, 2012 are calculated under Basel II and have not been restated.

14 (b) OTHER PILLAR 3 DISCLOSURES

Certain qualitative disclosures as required by SAMA under pillar 3 of the Basel framework have been placed on Bank's official website

www.samba.com