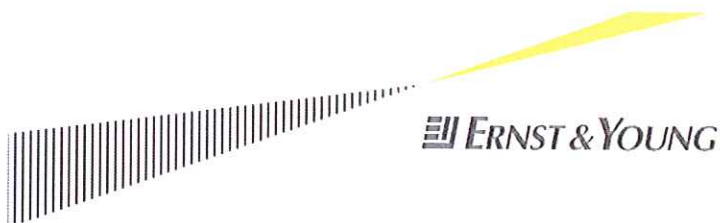


SAMBA FINANCIAL GROUP

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

**FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2011**



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 of September 30, 2011, and the related interim statements of consolidated income and consolidated comprehensive income for the three-month and nine month periods ended September 30, 2011, and the interim statements of consolidated changes in equity and cash flows for the nine-month period then ended and the notes from (1) to (14a) for the nine-month period then ended. We have not reviewed note (14(b)), 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.

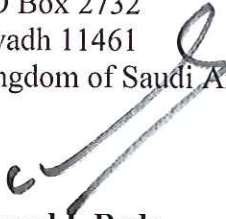
Conclusion

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

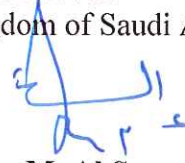
As required by SAMA, certain capital adequacy information has been disclosed in note (14a) of the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (14a) to the relevant analysis prepared by the Bank for submission to SAMA and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

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14 Dhul Qa'idah, 1432 H
(October 12, 2011)



SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

	Notes	Sep 30, 2011 (Unaudited) (SR '000)	Dec 31, 2010 (Audited) (SR '000)	Sep 30, 2010 (Unaudited) (SR '000)
ASSETS				
Cash and balances with central banks		22,169,473	32,580,918	27,671,702
Due from banks and other financial institutions		3,963,316	2,490,689	3,002,764
Investments, net	5	66,040,635	64,882,724	64,350,470
Investment in associate		215	219	8,447
Loans and advances, net	6	88,258,215	80,250,825	81,316,342
Property and equipment, net		1,131,844	970,245	927,014
Other assets		7,001,502	6,240,220	7,737,667
Total assets		188,565,200	187,415,840	185,014,406
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		19,780,861	19,800,635	18,740,322
Customer deposits	7	134,890,589	133,462,964	131,929,342
Other liabilities		6,546,655	6,674,635	6,829,559
Debt securities issued		-	1,874,720	1,874,510
Total liabilities		161,218,105	161,812,954	159,373,733
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	8,249,054
General reserve		130,000	130,000	130,000
Other reserves		(698,946)	(491,385)	323,668
Retained earnings		10,939,470	8,327,508	8,909,354
Proposed dividend		-	731,889	-
Treasury stocks		(1,163,970)	(1,268,330)	(1,160,466)
Total equity attributable to equity holders of the Bank		27,206,554	25,429,682	25,451,610
Non-controlling interest		140,541	173,204	189,063
Total equity		27,347,095	25,602,886	25,640,673
Total liabilities and equity		188,565,200	187,415,840	185,014,406

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

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED INCOME
Unaudited

	<u>Three months ended</u>		<u>Nine months ended</u>	
	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>	<u>Sep 30, 2011</u>	<u>Sep 30, 2010</u>
	<u>(SR '000)</u>	<u>(SR '000)</u>	<u>(SR '000)</u>	<u>(SR '000)</u>
Special commission income	1,172,622	1,254,329	3,622,484	3,963,098
Special commission expense	119,239	146,287	366,446	480,987
Special commission income, net	1,053,383	1,108,042	3,256,038	3,482,111
Fees and commission income, net	318,420	325,857	1,076,408	964,079
Exchange income, net	81,968	67,862	229,327	217,842
(Loss)/Income from investment held at FVIS, net	(7,391)	20,472	31,434	45,972
Trading (loss)/income, net	(89,535)	12,534	(96,967)	50,734
Gains on non-trading investments, net	323,369	172,527	427,852	502,660
Other operating income	32,996	21,876	124,594	78,470
Total operating income	1,713,210	1,729,170	5,048,686	5,341,868
Salaries and employee related expenses	302,934	296,230	951,123	909,036
Rent and premises related expenses	54,854	58,367	165,598	167,748
Depreciation	35,048	33,713	101,431	101,848
Other general and administrative expenses	94,433	80,363	275,265	255,934
Provision for credit losses, net of recoveries	90,883	158,099	194,723	375,639
Total operating expenses	578,152	626,772	1,688,140	1,810,205
NET INCOME FOR THE PERIODS	1,135,058	1,102,398	3,360,546	3,531,663
Attributable to non-controlling interest	31	760	(267)	2,471
NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE BANK	1,135,089	1,103,158	3,360,279	3,534,134
Basic and diluted earnings per share for the periods (SR) - note 12	1.26	1.23	3.73	3.93

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>		<u>Nine months ended</u>	
	<u>Sep 30, 2011</u> <u>(SR '000)</u>	<u>Sep 30, 2010</u> <u>(SR '000)</u>	<u>Sep 30, 2011</u> <u>(SR '000)</u>	<u>Sep 30, 2010</u> <u>(SR '000)</u>
Net income for the periods	1,135,058	1,102,398	3,360,546	3,531,663
Other comprehensive income:				
Exchange differences on translation of foreign operations	(10,915)	1,692	(5,629)	(18,192)
Available for sale financial assets:				
- Change in fair values	(163,684)	778,869	241,669	2,044,501
- Transfers to statement of consolidated income	(318,376)	(170,107)	(381,754)	(482,691)
Cash flow hedges:				
- Change in fair values	(103,050)	(70,589)	(329,483)	(148,175)
- Transfers to statement of consolidated income	72,998	82,033	234,706	232,505
Total Comprehensive income for the periods	612,031	1,724,296	3,120,055	5,159,611
Attributable to:				
Equity holders of the Bank	615,439	1,712,096	3,152,718	5,162,117
Non-controlling interest	(3,408)	12,200	(32,663)	(2,506)
Total	612,031	1,724,296	3,120,055	5,159,611

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		Cash flow hedges (SR'000)	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)							
For the nine months period ended Sep 30, 2011												
Balance at the beginning of the period	9,000,000	9,000,000	130,000	(98,407)	(680,511)	287,533	8,327,508	731,889	(1,268,330)	25,429,682	173,204	25,602,886
Net changes in treasury stocks	-	-	-	-	-	-	27,683	-	104,360	132,043	-	132,043
2010 final dividend paid	-	-	-	-	-	-	-	(731,889)	-	(731,889)	-	(731,889)
2011 interim dividend paid (note 13)	-	-	-	-	-	-	(776,000)	-	-	(776,000)	-	(776,000)
Total comprehensive income for the period	-	-	-	(6,336)	(106,448)	(94,777)	3,360,279	-	-	3,152,718	(32,663)	3,120,055
Balance at end of the period	9,000,000	9,000,000	130,000	(104,743)	(786,959)	192,756	10,939,470	-	(1,163,970)	27,206,554	140,541	27,347,095
For the nine months period ended Sep 30, 2010												
Balance at the beginning of the period	9,000,000	8,249,054	130,000	(89,411)	(1,515,087)	300,183	6,213,843	731,889	(710,393)	22,310,078	191,569	22,501,647
Net changes in treasury stocks	-	-	-	-	-	-	36,027	-	(450,073)	(414,046)	-	(414,046)
2009 final dividend paid	-	-	-	-	-	-	-	(731,889)	-	(731,889)	-	(731,889)
2010 interim dividend paid	-	-	-	-	-	-	(874,650)	-	-	(874,650)	-	(874,650)
Total comprehensive income for the period	-	-	-	(13,113)	1,556,766	84,330	3,534,134	-	-	5,162,117	(2,506)	5,159,611
Balance at end of the period	9,000,000	8,249,054	130,000	(102,524)	41,679	384,513	8,909,354	-	(1,160,466)	25,451,610	189,063	25,640,673

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

	Note	Nine Months Ended	
		Sep 30, 2011 (SR '000)	Sep 30, 2010 (SR '000)
<u>OPERATING ACTIVITIES</u>			
Net income attributable to equity holders of the Bank		3,360,279	3,534,134
Adjustments to reconcile net income to net cash from operating activities:			
Accretion of discount and amortization of premium on non-trading investments, net		2,391	105,241
Accretion of discount on debt securities issued		-	630
Income from investments held at FVIS, net		(31,434)	(45,972)
Gain on non-trading investments, net		(427,852)	(502,660)
Depreciation		101,431	101,848
Gain on disposal of property and equipment, net		(2,158)	(599)
Provision for credit losses, net of recoveries		194,723	375,639
Net (increase)/decrease in operating assets:			
Statutory deposits with central banks		(765,945)	97,224
Due from banks and other financial institutions maturing after ninety days		(1,986,953)	743,599
Investments held for trading		(274,534)	(7,115)
Loans and advances		(8,202,113)	2,454,542
Other assets		(761,282)	(1,583,627)
Net increase/(decrease) in operating liabilities:			
Due to banks and other financial institutions		(19,774)	11,421,103
Customer deposits		1,427,625	(15,199,420)
Other liabilities		(313,777)	267,070
Net cash from operating activities		(7,699,373)	1,761,637
<u>INVESTING ACTIVITIES</u>			
Proceeds from sale of and matured non-trading investments		40,657,726	28,052,904
Purchase of non-trading investments		(41,190,656)	(35,429,368)
Purchase of property and equipment, net		(282,940)	(134,373)
Proceeds from sale of property and equipment		22,068	1,983
Net cash used in investing activities		(793,802)	(7,508,854)
<u>FINANCING ACTIVITIES</u>			
Repayment of debt securities		(1,874,720)	-
Treasury stocks, net		132,043	(414,046)
Dividends paid		(1,455,864)	(1,670,100)
Net cash used in financing activities		(3,198,541)	(2,084,146)
Decrease in cash and cash equivalents		(11,691,716)	(7,831,363)
Cash and cash equivalents at the beginning of the period	10	27,259,113	29,510,691
Cash and cash equivalents at the end of the period	10	15,567,397	21,679,328
Special commission received during the period		3,568,567	4,133,343
Special commission paid during the period		527,580	578,581
<u>Supplemental non-cash information</u>			
Net changes in fair value and transfers to statements of consolidated income		(234,862)	1,646,140

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 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)

A majority 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. In May 2010, the ownership of the Bank was increased to 80.68% from 68.42% through participation in a right shares issue.

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, 2010.

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 restated, 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 all entities over which the Bank has the power to govern the financial and operating policies, so as to obtain benefits from their activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Bank. The results of subsidiaries acquired or disposed off during the year 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, 2010, except for the amendments to existing standards and interpretation mentioned below, which the Bank has adopted:

- Revision to IAS 24 - Related Party Disclosures;
- Improvements in IFRS 7 - Financial Instruments: Disclosures;
- Improvements in IAS 1 - Presentation of Financial Statements;
- Improvements in IAS 34 - Interim Financial Reporting; and
- Amendments to IFRIC 14 - IAS 19 - The Limit on a Defined Benefit Assets, Minimum Funding Requirements and their Interaction.

The adoption of these amendments has no impact on the financial position or financial performance of the Group.

5. INVESTMENTS, NET

Investment securities are classified as follows:

	Sep 30, 2011 (Unaudited) (SR'000)	Dec 31, 2010 (Audited) (SR'000)	Sep 30, 2010 (Unaudited) (SR'000)
Held at fair value through income statement (FVIS)	2,493,225	1,961,298	1,995,658
Available for sale	42,442,239	39,173,127	37,153,027
Held to maturity	5,576,393	5,569,286	5,566,794
Other investments held at amortized cost	15,528,778	18,179,013	19,634,991
TOTAL	66,040,635	64,882,724	64,350,470

FVIS investments above include investments held for trading amounting to SR 745.0 million (December 31, 2010: SR 587.6 million, September 30, 2010: SR 529.3 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:

	Sep 30, 2011 (Unaudited) (SR'000)	Dec 31, 2010 (Audited) (SR'000)	Sep 30, 2010 (Unaudited) (SR'000)
Credit cards	1,547,959	1,553,368	1,582,154
Consumer loans	15,412,842	14,194,437	14,030,084
Commercial loans and advances	71,940,796	65,071,323	66,190,630
Performing loans and advances	88,901,597	80,819,128	81,802,868
Non performing loans and advances	2,807,165	3,138,698	3,065,768
Gross loans and advances	91,708,762	83,957,826	84,868,636
Provision for credit losses	(3,450,547)	(3,707,001)	(3,552,294)
TOTAL	88,258,215	80,250,825	81,316,342

7. CUSTOMER DEPOSITS

Customer deposits are classified as follows:

	Sep 30, 2011 (Unaudited) (SR'000)	Dec 31, 2010 (Audited) (SR'000)	Sep 30, 2010 (Unaudited) (SR'000)
Demand	79,258,703	68,046,850	64,641,333
Saving	4,164,471	3,461,591	3,213,500
Time	46,755,925	55,561,083	59,373,468
Other	4,711,490	6,393,440	4,701,041
TOTAL	134,890,589	133,462,964	131,929,342

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 market risk. Positive and negative fair values are classified under other assets and other liabilities respectively.

	Sep 30, 2011 (Unaudited) (SR '000)			Dec 31, 2010 (Audited) (SR '000)			Sep 30, 2010 (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	4,729,628	1,837,561	103,431,642	3,794,120	1,957,247	109,187,163	4,844,111	1,996,009	97,261,940
Commission rate futures, options and guarantees	9,122	9,122	1,132,095	276,642	276,704	11,132,006	306,293	307,359	11,278,212
Forward foreign exchange contracts	76,078	69,678	42,928,605	153,117	151,281	43,295,640	454,741	443,429	46,493,125
Currency options	137,276	131,281	19,364,300	63,554	65,755	5,844,674	66,435	66,641	3,639,826
Swaptions	198,414	196,872	10,573,087	68,113	64,706	6,931,831	19,567	14,683	1,621,440
Equity & commodity options	30,452	21,801	779,054	51,289	50,406	617,258	47,050	47,647	743,006
Other	9,060	9,866	701,874	5,956	963	212,308	30,894	4,637	939,180
Held as fair value hedges									
Commission rate swaps	-	3,408	46,875	-	5,237	46,875	-	5,408	46,875
Held as cash flow hedges									
Commission rate swaps	316,399	46,691	10,006,250	414,841	559	11,821,250	450,611	-	11,821,250
TOTAL	5,506,429	2,326,280	188,963,782	4,827,632	2,572,858	189,089,005	6,219,702	2,885,813	173,844,854

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:

	Sep 30, 2011 (Unaudited) (SR '000)	Dec 31, 2010 (Audited) (SR '000)	Sep 30, 2010 (Unaudited) (SR '000)
Letters of credit	7,851,805	6,939,029	7,711,984
Letters of guarantee	26,806,117	24,482,152	23,478,424
Acceptances	1,765,102	2,008,992	1,747,384
Irrevocable commitments to extend credit	5,408,445	4,050,853	3,633,251
Other	1,473,905	288,655	305,908
TOTAL	43,305,374	37,769,681	36,876,951

10. CASH AND CASH EQUIVALENTS

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

	Sep 30, 2011 (Unaudited) (SR '000)	Dec 31, 2010 (Audited) (SR '000)	Sep 30, 2010 (Unaudited) (SR '000)
Cash and balances with central banks excluding statutory deposits	15,106,062	26,283,452	21,231,675
Due from banks and other financial institutions maturing within ninety days	461,335	975,661	447,653
TOTAL	15,567,397	27,259,113	21,679,328

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)**11. OPERATING SEGMENTS**

The Group is organised into the following main operating segments:

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

Corporate banking - 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 Bank'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 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 September 30, 2011 and 2010, together with total operating income, total operating expenses, provisions for credit losses, net income, capital expenditure, and depreciation expenses for the periods then ended, by operating segments, are as follows:

September 30, 2011 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	31,563,016	69,507,118	87,396,184	98,882	188,565,200
Total liabilities	65,428,227	74,566,229	21,207,930	15,719	161,218,105
Total operating income	2,012,681	1,919,845	725,191	390,969	5,048,686
Total operating expenses	859,620	401,367	132,934	99,496	1,493,417
Provisions for credit losses	54,156	140,567	-	-	194,723
Net income for the period	1,098,905	1,377,911	592,257	291,473	3,360,546
Capital expenditure	24,314	219,997	947	37,682	282,940
Depreciation	39,411	54,257	1,863	5,900	101,431

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

11. OPERATING SEGMENTS (continued)

September 30, 2010 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	30,068,677	63,423,605	91,453,249	68,875	185,014,406
Total liabilities	58,840,656	79,140,563	21,373,117	19,397	159,373,733
Total operating income	2,043,093	1,971,124	994,543	333,108	5,341,868
Total operating expenses	802,522	399,525	94,733	137,786	1,434,566
Provisions for credit losses	82,117	293,522	-	-	375,639
Net income for the period	1,158,454	1,278,077	899,810	195,322	3,531,663
Capital expenditure	55,295	49,358	26,465	3,255	134,373
Depreciation	43,399	52,976	2,323	3,150	101,848

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended September 30, 2011 and 2010 are calculated by dividing the net income for the periods attributable to the equity holders of the Bank, by 900 million shares.

13. INTERIM DIVIDEND

An interim dividend of SR 776 million from the net income for the six-month period ended June 30, 2011 (2010: SR 875 million) has been approved by the Board of Directors for payment to shareholders. After deducting zakat, this interim dividend resulted in a net payment of SR 0.80 per share (June 30, 2010: SR 0.90 per share) to the Saudi Shareholders.

14(a) CAPITAL ADEQUACY

The Group monitors the adequacy of its capital using the methodology and ratios established by SAMA with a view to maintain a sound capital base to support 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 regulatory capital requirement.

The Group management on a periodical basis reviews capital base and level of Risk Weighted Assets (RWA) to ensure that capital is adequate for risk inherent in business activities. The management also considers Group's business plan along with economic conditions which directly and indirectly affects business environment. Overseas subsidiary manages its own capital as prescribed by local regulatory requirements.

SAMA has issued guidance regarding implementation of the Basel II disclosures which are effective from January 1, 2008. Accordingly, calculated under the Basel II framework, the Group's 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, at September 30 are as follows:

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

14(a) CAPITAL ADEQUACY (continued)

	Sep 30, 2011 (Unaudited) (SR '000)	Dec 31, 2010 (Audited) (SR '000)	Sep 30, 2010 (Unaudited) (SR '000)
Samba Financial Group (consolidated)			
Credit risk RWA	130,336,884	120,579,963	124,825,875
Operational risk RWA	11,928,012	12,373,375	12,373,126
Market risk RWA	12,130,030	10,533,560	11,515,641
Total RWA	154,394,926	143,486,898	148,714,642
Tier I capital	23,959,730	25,575,235	22,074,899
Tier II capital	4,989,490	1,507,250	5,090,343
Total tier I & II capital	28,949,220	27,082,485	27,165,242
Capital Adequacy Ratio %			
Tier I ratio	15.5%	17.8%	14.8%
Tier I + II ratio	18.8%	18.9%	18.3%
Capital adequacy ratios for SBL are as follows:			
Tier I ratio	62.0%	56.6%	62.0%
Tier I + II ratio	62.2%	56.8%	61.7%

14(b) OTHER PILLAR 3 DISCLOSURES

Certain quantitative disclosures as required by SAMA under pillar 3 of Basel II, have been published on Bank's official website www.samba.com.