

SAMBA FINANCIAL GROUP

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

**FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2012**



Report on Review of Interim Condensed Consolidated Financial Statements

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

Introduction

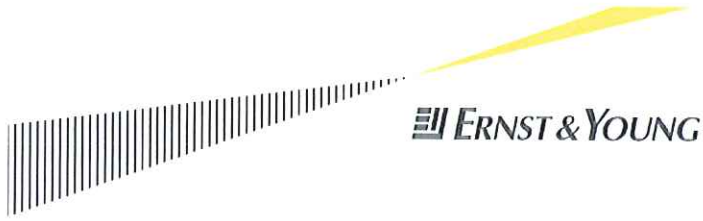
We have reviewed the accompanying interim statement of consolidated financial position of Samba Financial Group (the "Bank") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2012, the related interim consolidated statements of income and comprehensive income for the three month and six month periods then ended, statements of changes in equity and cash flows for the six month period then ended and the notes from (1) to (14a). 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 "Interim Financial Reporting".



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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24 Sha'aban 1433H
(14 July 2012)



STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

	Notes	Jun 30, 2012 (Unaudited) (SR '000)	Dec 31, 2011 (Audited) (SR '000)	Jun 30, 2011 (Unaudited) (SR '000)
ASSETS				
Cash and balances with central banks		28,805,446	33,508,745	28,664,708
Due from banks and other financial institutions		10,344,900	2,731,799	2,348,773
Investments, net	5	56,916,627	60,174,512	70,201,055
Investment in associate		199	209	218
Loans and advances, net	6	95,727,368	89,111,429	82,366,166
Property and equipment, net		1,366,022	1,169,432	1,120,663
Other assets		6,348,372	6,077,764	5,933,245
Total assets		199,508,934	192,773,890	190,634,828
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions		20,013,459	20,628,293	18,310,464
Customer deposits	7	142,355,103	137,256,864	138,816,201
Other liabilities		7,870,871	6,631,371	6,787,491
Total liabilities		170,239,433	164,516,528	163,914,156
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		-324,065	-726,665	-179,296
Retained earnings		12,480,582	11,051,460	9,804,381
Proposed dividend		-	831,000	-
Treasury stocks		-1,127,638	-1,155,892	-1,178,362
Total equity attributable to equity holders of the Bank		29,158,879	28,129,903	26,576,723
Non-controlling interest		110,622	127,459	143,949
Total equity		29,269,501	28,257,362	26,720,672
Total liabilities and equity		199,508,934	192,773,890	190,634,828

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>Six months ended</u>	
	<u>Jun 30, 2012</u> <u>(SR '000)</u>	<u>Jun 30, 2011</u> <u>(SR '000)</u>	<u>Jun 30, 2012</u> <u>(SR '000)</u>	<u>Jun 30, 2011</u> <u>(SR '000)</u>
Special commission income	1,198,350	1,248,012	2,407,823	2,449,862
Special commission expense	99,437	114,627	244,847	247,207
Special commission income, net	1,098,913	1,133,385	2,162,976	2,202,655
Fees and commission income, net	482,023	396,623	976,843	757,988
Exchange income, net	102,221	83,825	215,661	147,359
(Loss)/Income from investment held at FVIS, net	-6,266	-17,796	29,150	38,825
Trading (loss)/income, net	-5,131	-19,085	18,003	-7,432
Gains on non-trading investments, net	69,058	46,815	97,469	104,483
Other operating income	3,841	10,757	40,713	91,598
Total operating income	1,744,659	1,634,524	3,540,815	3,335,476
Salaries and employee related expenses	327,621	347,197	626,711	648,189
Rent and premises related expenses	63,375	54,505	125,342	110,744
Depreciation	33,812	34,353	67,704	66,383
Other general and administrative expenses	101,154	85,254	220,196	180,832
Provision for credit losses, net of recoveries	60,860	11,043	198,403	103,840
Total operating expenses	586,822	532,352	1,238,356	1,109,988
Net income for the periods	1,157,837	1,102,172	2,302,459	2,225,488
Attributable to:				
Equity holders of the Bank	1,157,502	1,102,056	2,302,006	2,225,190
Non-controlling interest	335	116	453	298
	1,157,837	1,102,172	2,302,459	2,225,488
Basic and diluted earnings per share for the periods (SR) - note 12	1.29	1.22	2.56	2.47

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>Six months ended</u>	
	<u>Jun 30, 2012</u>	<u>Jun 30, 2011</u>	<u>Jun 30, 2012</u>	<u>Jun 30, 2011</u>
	<u>(SR '000)</u>	<u>(SR '000)</u>	<u>(SR '000)</u>	<u>(SR '000)</u>
Net income for the periods	1,157,837	1,102,172	2,302,459	2,225,488
Other comprehensive income:				
Exchange differences on translation of foreign operations	-31,130	-3,925	-27,113	5,286
Available for sale financial assets:				
- Change in fair values	-364,501	131,013	392,212	405,353
- Transfers to statement of consolidated income	-61,963	-15,918	-89,812	-63,378
Cash flow hedges:				
- Change in fair values	34,059	-89,610	1,518	-226,433
- Transfers to statement of consolidated income	46,622	77,477	108,505	161,708
Total Comprehensive income for the periods	<u>780,924</u>	<u>1,201,209</u>	<u>2,687,769</u>	<u>2,508,024</u>
Attributable to:				
Equity holders of the Bank	799,103	1,235,350	2,704,606	2,537,279
Non-controlling interest	-18,179	-34,141	-16,837	-29,255
Total	<u>780,924</u>	<u>1,201,209</u>	<u>2,687,769</u>	<u>2,508,024</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		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 six months period ended June 30, 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	-	-	-	-	-	-	17,116	-	28,254	45,370	-	45,370
2011 final dividend paid	-	-	-	-	-	-	-	(831,000)	-	(831,000)	-	(831,000)
2012 interim dividend (note 13)	-	-	-	-	-	-	(890,000)	-	-	(890,000)	-	(890,000)
Total comprehensive income for the period	-	-	-	(15,109)	307,686	110,023	2,302,006	-	-	2,704,606	(16,837)	2,687,769
Balance at end of the period	9,000,000	9,000,000	130,000	(128,609)	(337,696)	142,240	12,480,582	-	(1,127,638)	29,158,879	110,622	29,269,501
For the six months period ended June 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	-	89,968	117,651	-	117,651
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	-	-	-	(1,466)	378,280	(64,725)	2,225,190	-	-	2,537,279	(29,255)	2,508,024
Balance at end of the period	9,000,000	9,000,000	130,000	(99,873)	(302,231)	222,808	9,804,381	-	(1,178,362)	26,576,723	143,949	26,720,672

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	Six Months Ended	
		Jun 30, 2012 (SR '000)	Jun 30, 2011 (SR '000)
<u>OPERATING ACTIVITIES</u>			
Net income for the periods		2,302,459	2,225,488
Adjustments to reconcile net income to net cash from operating activities:			
Accretion of discount and amortization of premium on non-trading investments, net		36,918	-10,929
Income from investments held at FVIS, net		-29,150	-38,825
Gain on non-trading investments, net		-97,469	-104,483
Depreciation		67,704	66,383
Loss/(Gain) on disposal of property and equipment, net		1,539	-2,168
Provision for credit losses, net of recoveries		198,403	103,840
Net (increase)/decrease in operating assets:			
Statutory deposits with central banks		(564,891)	-1,234,497
Due from banks and other financial institutions maturing after ninety days		(7,052,151)	-93,414
Investments held for trading		(27,505)	-472,640
Loans and advances		(6,814,342)	-2,219,181
Other assets		(270,608)	306,975
Net increase/(decrease) in operating liabilities:			
Due to banks and other financial institutions		(614,834)	-1,490,171
Customer deposits		5,098,239	5,353,237
Other liabilities		473,813	-761,978
Net cash (used in)/from operating activities		-7,291,875	1,627,637
<u>INVESTING ACTIVITIES</u>			
Proceeds from sale of and matured non-trading investments		32,207,596	26,716,979
Purchase of non-trading investments		(28,524,810)	-31,030,154
Purchase of property and equipment, net		(264,158)	-236,145
Proceeds from sale of property and equipment		5,282	21,512
Net cash from/(used in) investing activities		3,423,910	-4,527,808
<u>FINANCING ACTIVITIES</u>			
Repayment of debt securities		-	-1,874,720
Treasury stocks, net		45,370	117,651
Dividends paid		(884,645)	-728,797
Net cash used in financing activities		-839,275	-2,485,866
Decrease in cash and cash equivalents		-4,707,240	-5,386,037
Cash and cash equivalents at the beginning of the period	10	26,507,147	27,259,113
Cash and cash equivalents at the end of the period	10	21,799,907	21,873,076
Special commission received during the period		2,356,085	2,444,184
Special commission paid during the period		259,179	405,885
<u>Supplemental non-cash information</u>			
Net changes in fair value and transfers to statements of consolidated income		412,423	277,250

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)

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, 2011.

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, 2011.

5. INVESTMENTS, NET

Investment securities are classified as follows:

	Jun 30, 2012 (Unaudited) (SR'000)	Dec 31, 2011 (Audited) (SR'000)	Jun 30, 2011 (Unaudited) (SR'000)
Held at fair value through income statement (FVIS)	2,692,189	2,344,592	2,608,508
Available for sale (AFS)	38,070,589	37,846,223	44,914,264
Held to maturity	5,582,942	5,578,535	5,574,123
Other investments held at amortized cost	10,570,907	14,405,162	17,104,160
TOTAL	56,916,627	60,174,512	70,201,055

FVIS investments above include investments held for trading amounting to SR 693.1 million (December 31, 2011: SR 665.6 million, June 30, 2011: SR 943.1 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:

	Jun 30, 2012 (Unaudited) (SR'000)	Dec 31, 2011 (Audited) (SR'000)	Jun 30, 2011 (Unaudited) (SR'000)
Credit cards	1,287,392	1,357,598	1,425,226
Consumer loans	17,262,590	15,986,904	14,967,989
Commercial loans and advances	77,883,832	72,441,828	66,634,078
Performing loans and advances	96,433,814	89,786,330	83,027,293
Non performing loans and advances	2,355,402	2,763,860	3,034,874
Gross loans and advances	98,789,216	92,550,190	86,062,167
Provision for credit losses	-3,061,848	-3,438,761	-3,696,001
TOTAL	95,727,368	89,111,429	82,366,166

7. CUSTOMER DEPOSITS

Customer deposits are classified as follows:

	Jun 30, 2012 (Unaudited) (SR'000)	Dec 31, 2011 (Audited) (SR'000)	Jun 30, 2011 (Unaudited) (SR'000)
Demand	89,105,999	78,770,255	73,489,909
Saving	4,625,588	4,333,533	4,281,601
Time	43,437,784	49,482,491	55,657,490
Other	5,185,732	4,670,585	5,387,201
TOTAL	142,355,103	137,256,864	138,816,201

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.

	Jun 30, 2012 (Unaudited) (SR '000)			Dec 31, 2011 (Audited) (SR '000)			Jun 30, 2011 (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	4,267,055	1,544,029	99,428,047	4,364,702	1,690,554	99,849,210	3,747,574	1,691,738	100,559,336
Commission rate futures, options and guarantees	7,243	6,041	976,115	7,233	7,233	1,227,365	18,869	15,358	2,162,752
Forward foreign exchange contracts	162,336	112,002	34,347,771	112,880	100,670	41,885,825	111,111	115,727	43,209,234
Currency options	603,801	603,773	78,661,182	218,595	218,515	27,897,413	111,023	109,339	13,771,657
Swaptions	32,327	32,294	2,420,298	185,232	183,774	6,872,606	84,966	102,581	9,528,745
Equity & commodity options	15,902	12,821	562,650	29,908	33,503	921,398	27,862	27,482	661,930
Other	1,929	-	110,456	4,286	71	386,769	5,580	24,408	758,425
Held as fair value hedges									
Commission rate futures	-	-	-	-	2,492	748,500	-	-	-
Commission rate swaps	-	2,214	46,875	-	3,329	46,875	-	32,007	2,296,875
Held as cash flow hedges									
Commission rate swaps	246,487	30,495	7,826,000	295,032	134,461	9,781,250	363,408	43,016	9,437,500
TOTAL	5,337,080	2,343,669	224,379,394	5,217,868	2,374,602	189,617,211	4,470,393	2,161,656	182,386,454

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:

	Jun 30, 2012 (Unaudited) (SR '000)	Dec 31, 2011 (Audited) (SR '000)	Jun 30, 2011 (Unaudited) (SR '000)
Letters of credit	8,607,621	7,748,449	9,538,691
Letters of guarantee	30,170,451	27,052,176	25,812,807
Acceptances	2,303,037	1,893,309	1,859,098
Irrevocable commitments to extend credit	4,400,884	5,324,235	5,316,244
Other	338,962	326,842	293,283
TOTAL	45,820,955	42,345,011	42,820,123

10. CASH AND CASH EQUIVALENTS

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

	Jun 30, 2012 (Unaudited) (SR '000)	Dec 31, 2011 (Audited) (SR '000)	Jun 30, 2011 (Unaudited) (SR '000)
Cash and balances with central banks excluding statutory deposits	21,194,859	26,463,049	21,132,745
Due from banks and other financial institutions maturing within ninety days	605,048	44,098	740,331
TOTAL	21,799,907	26,507,147	21,873,076

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, individual 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 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 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 June 30, 2012 and 2011, 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:

June 30, 2012 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	34,694,082	74,687,741	90,023,354	103,757	199,508,934
Total liabilities	69,493,215	78,905,618	21,790,446	50,154	170,239,433
Total operating income	1,178,986	1,202,672	658,087	501,070	3,540,815
Total operating expenses	611,296	287,520	58,249	82,888	1,039,953
Provisions for credit losses	13,807	184,596	-	-	198,403
Net income for the period	553,883	730,556	599,838	418,182	2,302,459
Capital expenditure	25,893	237,791	372	102	264,158
Depreciation	23,671	39,272	752	4,009	67,704

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

11. OPERATING SEGMENTS (continued)

June 30, 2011 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	31,050,509	64,034,721	95,449,599	99,999	190,634,828
Total liabilities	69,332,377	74,907,380	19,660,851	13,548	163,914,156
Total operating income	1,342,844	1,290,182	418,169	284,281	3,335,476
Total operating expenses	594,558	289,458	56,166	65,966	1,006,148
Provisions for credit losses	31,744	72,096	-	-	103,840
Net income for the period	716,542	928,628	362,003	218,315	2,225,488
Capital expenditure	13,042	181,690	718	40,695	236,145
Depreciation	25,902	35,464	1,315	3,702	66,383

12. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended June 30, 2012 and 2011 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 890 million from the net income for the six-month period ended June 30, 2012 (2011: SR 776 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, 2011: SR 0.80 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 the 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, as of June 30 are as follows:

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

14(a) CAPITAL ADEQUACY (continued)

	Jun 30, 2012 (Unaudited) (SR '000)	Dec 31, 2011 (Audited) (SR '000)	Jun 30, 2011 (Unaudited) (SR '000)
Samba Financial Group (consolidated)			
Credit risk RWA	146,589,032	132,691,373	126,953,825
Operational risk RWA	11,735,626	11,925,831	11,904,364
Market risk RWA	12,551,163	11,433,113	12,167,857
Total RWA	170,875,821	156,050,317	151,026,046
Tier I capital	26,942,430	28,231,034	24,467,955
Tier II capital	4,134,369	1,658,642	3,812,113
Total tier I & II capital	31,076,799	29,889,676	28,280,068
Capital Adequacy Ratio %			
Tier I ratio	15.8%	18.1%	16.2%
Tier I + II ratio	18.2%	19.2%	18.7%
Capital adequacy ratios for SBL are as follows:			
Tier I ratio	47.4%	46.6%	51.8%
Tier I + II ratio	47.4%	46.7%	51.9%

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 webs www.samba.com.

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