



THE SAUDI INVESTMENT BANK
(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the nine month period ended September 30, 2012

(Unaudited)

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in SAR'000

		Sep. 30, 2012	Dec. 31, 2011	Sep. 30, 2011
	Notes	(Unaudited)	(Audited)	(Unaudited)
ASSETS				
Cash and balances with SAMA		2,208,590	1,934,171	1,827,968
Due from banks and other financial institutions		7,994,542	10,955,817	8,096,602
Investments, net	5	10,103,334	8,893,062	7,136,451
Loans and advances, net	6	31,785,637	27,114,093	30,468,249
Investments in associates	7	936,173	894,672	876,646
Property and equipment, net		876,941	907,317	904,674
Other assets		1,143,716	1,246,450	1,310,645
Total assets		55,048,933	51,945,582	50,621,235
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		4,207,172	4,224,172	3,253,518
Customer deposits	8	38,836,066	36,770,492	36,645,346
Other liabilities		932,279	893,622	743,849
Term loans	9	2,000,000	1,500,000	1,500,000
Total liabilities		45,975,517	43,388,286	42,142,713
Equity				
Equity attributable to equity holders of the Bank				
Share capital	14	5,500,000	5,500,000	5,500,000
Statutory reserve		2,703,000	2,703,000	2,526,000
Other reserves		(98,787)	(272,767)	(247,145)
Retained earnings		996,964	330,542	684,622
Proposed dividends	15	-	324,500	-
Employee stock option shares		(27,761)	(27,979)	(27,979)
Total equity attributable to equity holders of the Bank		9,073,416	8,557,296	8,435,498
Non controlling interests		-	-	43,024
Total equity		9,073,416	8,557,296	8,478,522
Total liabilities and equity		55,048,933	51,945,582	50,621,235

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT (Unaudited)

Amounts in SAR'000

	Three month period ended		Nine month period ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Special commission income	399,655	373,271	1,154,904	1,182,692
Special commission expense	79,086	72,539	237,206	243,296
Net special commission income	320,569	300,732	917,698	939,396
Fee income from banking services, net	68,755	83,015	234,873	230,094
Exchange income, net	8,883	9,626	25,649	22,287
Dividend income	7,894	-	16,281	15,295
Gain on non-trading investments, net	128	635	1,735	7,970
Gain on sale of property and other income	972	863	88,981	19,079
Total operating income	407,201	394,871	1,285,217	1,234,121
Salaries and employee-related expenses	90,695	93,182	260,372	267,656
Rent and premises-related expenses	20,445	17,719	60,480	53,751
Depreciation and amortization	17,521	16,494	52,418	47,755
Other general and administrative expenses	27,672	23,697	85,313	84,826
Impairment charge for credit losses, net	45,000	115,000	230,000	223,000
Impairment charge for non-trading investments, net	10,000	17,000	47,000	67,000
Total operating expenses	211,333	283,092	735,583	743,988
Income from operating activities	195,868	111,779	549,634	490,133
Share in earnings from associates	35,931	33,644	116,788	74,800
Net income for the period	231,799	145,423	666,422	564,933
Income attributable to non controlling interests	-	1,408	-	4,747
Net income for the period attributable to equity holders of the Bank	231,799	144,015	666,422	560,186
Basic and diluted earnings per share attributable to equity holders of the Bank (expressed in SAR per share) (Note 14)	0.42	0.26	1.21	1.02

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)
Amounts in SAR'000

	Three month period ended		Nine month period ended	
	Sep. 30, 2012	Sep. 30, 2011	Sep. 30, 2012	Sep. 30, 2011
Net income for the period	231,799	145,423	666,422	564,933
Other comprehensive income / (loss)				
Available for sale investments:				
- Net change in fair value	101,847	(121,083)	176,430	(217,829)
- Fair value gain transferred to interim condensed consolidated income statement on disposal	(128)	(635)	(1,735)	(7,970)
Share of other comprehensive income / (loss) of associates	(943)	62	(715)	(1,758)
Total other comprehensive income / (loss) for the period	100,776	(121,656)	173,980	(227,557)
Total comprehensive income for the period	332,575	23,767	840,402	337,376
Attributable to:				
Equity holders of the Bank	332,575	22,277	840,402	332,461
Non controlling interests	-	1,490	-	4,915
Total comprehensive income for the period	332,575	23,767	840,402	337,376

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)

Amounts in SAR'000

For the nine month periods ended September 30

	2012							
	Share capital	Statutory reserve	Other reserves	Retained earnings	Proposed dividends	Employee stock option shares	Total equity	
Balance at the beginning of the period	5,500,000	2,703,000	(272,767)	330,542	324,500	(27,979)	8,557,296	
Total comprehensive income for the period	-	-	173,980	666,422	-	-	840,402	
Dividends paid (Note 15)	-	-	-	-	(324,500)	-	(324,500)	
Employee stock option shares allocated	-	-	-	-	-	(21,294)	(21,294)	
Employee stock option shares vested	-	-	-	-	-	21,512	21,512	
Balance at end of the period	5,500,000	2,703,000	(98,787)	996,964	-	(27,761)	9,073,416	
	2011							
	Equity attributable to equity holders of the Bank							
	Share Capital	Statutory reserve	Other reserves	Retained earnings	Employee stock option shares	Total	Non controlling interests	Total equity
Balance at the beginning of the period	4,500,000	2,526,000	(19,420)	1,124,436	(27,751)	8,103,265	38,109	8,141,374
Total comprehensive income for the period	-	-	(227,725)	560,186	-	332,461	4,915	337,376
Bonus shares issued (Note 14)	1,000,000	-	-	(1,000,000)	-	-	-	-
Employee stock option shares allocated	-	-	-	-	(16,661)	(16,661)	-	(16,661)
Employee stock option shares vested	-	-	-	-	16,433	16,433	-	16,433
Balance at end of the period	5,500,000	2,526,000	(247,145)	684,622	(27,979)	8,435,498	43,024	8,478,522

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

Amounts in SAR'000

For the nine month periods ended September 30

	2012	2011
OPERATING ACTIVITIES		
Net income for the period	666,422	564,933
Adjustments to reconcile net income to net cash used in operating activities:		
Accretion of discounts on non-trading investments, net	(11,599)	(6,675)
Gain on non-trading investments, net	(1,735)	(7,970)
Gain on sale of property	(86,472)	(18,245)
Depreciation and amortization	52,418	47,755
Impairment charge for credit losses, net	230,000	223,000
Impairment charge for non-trading investments, net	47,000	67,000
Share in earnings of associates	(116,788)	(74,800)
	779,246	794,998
Net (increase) / decrease in operating assets:		
Statutory deposit with SAMA	(291,461)	(253,781)
Due from banks and other financial institutions maturing after ninety days from acquisition date	525,362	(582,251)
Loans and advances	(4,901,544)	229,800
Other assets	64,969	(50,557)
Net increase / (decrease) in operating liabilities:		
Due to banks and other financial institutions	(17,000)	(1,642,495)
Customer deposits	2,065,574	(569,796)
Other liabilities	38,875	4,917
Net cash used in operating activities	(1,735,979)	(2,069,165)
INVESTING ACTIVITIES		
Proceeds from sale of and matured non-trading investments	3,311,519	3,018,702
Purchase of non-trading investments	(4,380,763)	(2,373,395)
Dividends from associates	74,572	61,244
Purchase of property and equipment	(22,074)	(56,644)
Proceeds from sale of property and equipment	124,270	22,593
Net cash (used in) / from investing activities	(892,476)	672,500
FINANCING ACTIVITIES:		
Term loan proceeds	1,000,000	1,000,000
Repayment of term loan	(500,000)	-
Dividends paid	(324,500)	-
Net cash from financing activities	175,500	1,000,000
Decrease in cash and cash equivalents	(2,452,955)	(396,665)

Continued

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

THE SAUDI INVESTMENT BANK

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INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued) (Unaudited)

Amounts in SAR'000

For the nine month periods ended September 30

	<u>Notes</u>	<u>2012</u>	<u>2011</u>
Cash and cash equivalents			
Decrease in cash and cash equivalents		(2,452,955)	(396,665)
Cash and cash equivalents at the beginning of the period		10,903,211	8,444,516
Cash and cash equivalents at the end of the period	12	8,450,256	8,047,851
Supplemental special commission information			
Special commission received during the period		1,146,748	1,227,973
Special commission paid during the period		240,656	247,656
Supplemental non-cash information			
Property and equipment transfer		-	147,940
Other assets acquired in settlement of loans		-	80,850
Total other comprehensive income / (loss) for the period		173,980	(227,557)
Employee stock option shares, net of allocation and vesting		218	(228)
Bonus shares issued	14	-	1,000,000

The accompanying notes 1 to 17 form an integral part of these interim condensed consolidated financial statements.

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NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the nine month periods ended September 30, 2012 and 2011

1. General

The Saudi Investment Bank (the "Bank"), a Saudi joint stock company, was formed pursuant to Royal Decree No. M/31 dated 25 Jumada II 1396H, corresponding to June 23, 1976 in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration No. 1010011570 dated 25 Rabie Awwal 1397H, corresponding to March 16, 1977 through its 48 branches (December 31, 2011: 48 branches; and September 30, 2011: 47 branches) in the Kingdom of Saudi Arabia. The address of the Bank's Head Office is as follows:

The Saudi Investment Bank
Head Office
P.O. Box 3533
Riyadh 11481, Kingdom of Saudi Arabia

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

2. Basis of preparation

These interim condensed consolidated financial statements are prepared in accordance with the Accounting Standards for Financial Institutions promulgated by the Saudi Arabian Monetary Agency (SAMA) and International Accounting Standard ("IAS") 34 – "Interim Financial Reporting". The Bank also prepares its interim condensed consolidated financial statements to comply with the Banking Control Law and the Regulations for Companies in the Kingdom of Saudi Arabia.

These interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements as of and for the year ended December 31, 2011.

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

The preparation of interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities and income and expense. Actual results may differ from these estimates. In preparing these interim condensed consolidated financial statements, the significant judgments made by management in applying the Group's accounting policies and the key sources of estimation of uncertainty were the same as those that applied to the consolidated financial statements as of and for the year ended December 31, 2011.

These interim condensed consolidated financial statements were approved by the Board of Directors on October 25, 2012.

3. Basis of consolidation

These interim condensed consolidated financial statements include the financial statements of the Bank and the following subsidiaries (collectively referred to as the "Group"):

- a) "Alistithmar for Financial Securities and Brokerage Company" (Alistithmar Capital), a limited liability company, registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010235995 issued on 8 Rajab 1428H (corresponding to July 22, 2007), and is 100% owned by the Bank after the Bank acquired the prior 1% ownership of a representative Saudi Shareholder in 2012.

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Amounts in SAR'000

For the nine month periods ended September 30, 2012 and 2011

3. Basis of consolidation (continued)

- b) "SAIB BNP Paribas Asset Management Company" (AMCO), a limited liability company, registered in the Kingdom of Saudi Arabia under Commercial Registration No. 1010240312 issued on 4 Thu Al Qada 1428H (corresponding to November 14, 2007), and is 55% owned by the Bank with the remaining 45% owned by both Saudi and non-Saudi shareholders; (see next paragraph for further details); and
- c) "Saudi Investment Real Estate Company", a limited liability company, registered in the Kingdom of Saudi Arabia under commercial registration No.1010268297 issued on 29 Jumada Awal 1430H (corresponding to 25 May 2009) and is owned 99% by the Bank with the remaining 1% owned by a representative Saudi shareholder. The company has not commenced any significant operations.

In December 2011, a business transfer agreement was completed between Alistithmar Capital and AMCO whereby Alistithmar acquired the business and net assets of AMCO. AMCO is therefore now in the process of liquidation.

The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies, and changes are made to the accounting policies of the subsidiaries, when necessary, to align them with the accounting policies adopted by the Bank.

Subsidiaries are all entities over which the Bank has the power to govern the financial and operating policies, so as to obtain benefits from its activities, generally accompanying an ownership interest of more than one half of the voting rights.

Subsidiaries are consolidated from the date on which control is transferred to the Bank and cease to be consolidated from the date on which the control is transferred from the Bank. The results of subsidiaries acquired or disposed of during the period, if any, are included in the interim condensed consolidated income statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

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

Balances between the Bank and its subsidiaries, and any income and expenses arising from intra-group transactions, are eliminated in preparing the interim condensed consolidated financial statements.

4. Significant accounting policies

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements as of and for the year ended December 31, 2011, except for the adoption of the amendment to "IFRS 7 – Financial instruments disclosures - transfers of financial assets" as detailed below which has had no significant impact on the interim condensed consolidated financial statements of the Bank.

The amendment to IFRS 7 is effective from July 1, 2011 and requires additional disclosures with respect to risk exposures arising from transferred financial assets. The amendment includes a requirement to disclose by class of asset the nature, carrying amount, and a description of the risks and rewards of financial assets that have been transferred to another party yet remain on the entity's statement of financial position. Disclosures are also required to enable a user to understand the amount of any associated liabilities and the relationship between financial assets and associated liabilities.

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Amounts in SAR'000

For the nine month periods ended September 30, 2012 and 2011

4. Significant accounting policies (continued)

The Bank has chosen not to early adopt the following standards, which are effective for the Bank's 2013 financial reporting year.

- | | | |
|---------------------------------|--------------|---|
| • IAS 1 | Amendments | - Presentation of items of other comprehensive income |
| • IFRS 10 | | - Consolidated financial statements |
| • IFRS 12 | | - Disclosure of interests in other entities |
| • IFRS 13 | | - Fair value measurement |
| • IAS 19 | Revised 2011 | - Employee benefits |
| • IAS 28 | Revised 2011 | - Investments in associates and joint ventures |
| • IAS 27 | Revised 2011 | - Separate financial statements |
| • IAS 32, and IFRS 7 Amendments | | - Financial instruments on asset and liability offsetting |

In addition to the above, the Bank has chosen not to early adopt the amendments to the basis for conclusions on IAS 1, 16, 32, and 34. The Bank also has chosen not to early adopt IFRS 9 (2010) – Financial instruments, which will not be effective until January 1, 2015.

The Bank is currently assessing the implication of the above standards and amendments on the Group and the timing of adoption.

5. Investments, net

Investments are classified as follows:

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Available for sale, net	9,157,764	7,911,649	6,107,089
Held to maturity, net	945,570	981,413	1,029,362
Investments, net	10,103,334	8,893,062	7,136,451

The above investments as of September 30, 2012 include no receivable securitization agreements (December 31, 2011: SAR 16 million and September 30, 2011: SAR 29 million).

6. Loans and advances, net

Loans and advances are comprised of the following:

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Performing loans and advances:			
Consumer loans	6,222,465	5,392,887	5,006,650
Commercial loans and overdrafts	26,146,393	22,141,042	25,821,766
Others	53,376	23,548	22,293
Total performing loans and advances	32,422,234	27,557,477	30,850,709
Non performing loans and advances	1,799,838	1,802,216	1,804,004
Total loans and advances	34,222,072	29,359,693	32,654,713
Allowance for credit losses	(2,436,435)	(2,245,600)	(2,186,464)
Loans and advances, net	31,785,637	27,114,093	30,468,249

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7. Investments in associates

Investment in associates include the Bank's ownership interest in Amex Saudi Arabia Limited (50%), Saudi Orix Leasing Company (38%), Mediterranean Gulf Insurance and Reinsurance Co. – KSA (19%), and Amlak International for Finance and Real Estate Development Co. (2012: 32%, and 2011: 29%).

The movement of investments in associates for the nine month periods ended September 30, is summarized as follows:

	Sep. 30, 2012 (Unaudited)	Sep. 30, 2011 (Unaudited)
Balance at the beginning of the period	894,672	864,749
Share in earnings	116,788	74,800
Dividends	(74,572)	(61,244)
Other comprehensive loss and other items, net	(715)	(1,659)
Balance at the end of the period	936,173	876,646

8. Customer deposits

Customer deposits are comprised of the following:

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Demand	7,769,479	7,394,013	6,991,355
Savings	842,874	929,547	828,858
Time	29,145,905	24,221,198	19,410,293
Other	1,077,808	4,225,734	9,414,840
Customer deposits	38,836,066	36,770,492	36,645,346

9. Term Loans

On April 7, 2009, the Bank entered into a three-year term loan facility agreement for an amount of SAR 500 million for general corporate purposes. The facility was repaid in April 2012.

On May 30, 2011, the Bank entered into a five-year medium term loan facility agreement for an amount of SAR 1 billion for general corporate purposes. The facility has been fully utilized and is repayable in May 2016.

On June 24, 2012, the Bank entered into an additional five-year medium term loan facility agreement for an amount of SAR 1 billion for general corporate purposes. The facility has been fully utilized and is repayable in September 2017.

The term loans bear commission at variable rates. The Bank has an option to effect early repayment of the term loans subject to the terms and conditions of the related agreements.

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Amounts in SAR'000

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10. Derivatives

The table below sets out the positive and negative fair values of derivative financial instruments together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of the period, do not necessarily reflect the amounts of future cash flows involved. These notional amounts, therefore, are neither indicative of the Bank's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

	Sep. 30, 2012 (Unaudited)			December 31, 2011 (Audited)			Sep. 30, 2011 (Unaudited)		
	Fair value		Notional amount	Fair value		Notional amount	Fair value		Notional amount
	Positive	Negative		Positive	Negative		Positive	Negative	
Held for trading:									
Forward foreign exchange contracts	4,809	2,209	2,675,774	13,822	1,612	1,229,741	31,897	1,901	1,637,950
Foreign exchange options	-	-	-	7,784	5,205	291,552	5,292	2,691	250,893
Commission rate swaps	25,793	24,001	730,000	19,241	24,637	160,000	17,909	15,448	160,000
Held as fair value hedges:									
Commission rate swaps	45,981	124,180	2,545,893	96,454	127,946	2,489,640	37,937	69,592	1,372,104
Total	76,583	150,390	5,951,667	137,301	159,400	4,170,933	93,035	89,632	3,420,947

11. Commitments and contingencies

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

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Letters of credit	1,820,346	1,485,856	1,558,353
Letters of guarantee	5,175,560	4,357,869	4,148,608
Acceptances	399,044	495,511	304,274
Irrevocable commitments to extend credit	439,477	110,439	56,471
Credit-related commitments and contingencies	7,834,427	6,449,675	6,067,706

The Bank has received assessments for additional Zakat and Income Tax which total approximately SAR 6 million relating to the Bank's 2003 and 2004 Zakat and Income Tax filings. The Bank has filed an appeal for these assessments, and is awaiting a response.

The Bank has received assessments for additional Zakat totaling approximately SAR 185 million relating to the Bank's 2011 and 2010 Zakat filings. The assessments are primarily due to the disallowance of certain long-term investments from the Zakat base of the Bank. The Bank, in consultation with its Zakat advisors, has filed appeals with the Department of Zakat and Income Tax, and is awaiting a response. The Bank, along with other Saudi Banks, has formally raised this issue with the Bank's regulator for a satisfactory resolution to this Saudi Banking Industry issue. At the current time, a reasonable estimation of the ultimate additional Zakat liability, if any, cannot be reliably determined.

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12. Cash and cash equivalents

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

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	455,714	472,756	533,500
Due from banks and other financial institutions maturing within ninety days from acquisition date	7,994,542	10,430,455	7,514,351
Cash and cash equivalents	8,450,256	10,903,211	8,047,851

13. Business segments

Operating segments are identified on the basis of internal reports about components of the Bank that are regularly reviewed by the Bank's Board of Directors in its function as the chief decision maker in order to allocate resources to the segments and to assess their performance.

Transactions between the operating segments are on normal commercial terms and conditions. The revenue from external parties reported to the Board is measured in a manner consistent with that in the interim condensed consolidated income statement. There are no material items of income or expense between the operating segments. Segment assets and liabilities are comprised of operating assets and liabilities. Certain prior period figures have been reclassified to conform to the current period presentation.

The Bank's primary business is conducted in the Kingdom of Saudi Arabia. The Bank's reportable segments are as follows:

Retail banking

Loans, deposits, and other credit products for individuals and small to medium-sized businesses.

Corporate banking

Loans, deposits and other credit products for corporate and institutional customers.

Treasury

Money market, investments and treasury services.

Asset management and brokerage

Dealing, managing, advising and custody of securities services.

Commission is charged or credited to operating segments based on funds transfer pricing rates. All of the segment revenue is from external customers.

The segment information provided to the Bank's Board of Directors which includes the reportable segments for the Bank's total assets and liabilities as of September 30, 2012 and 2011, and the segmental income, total operating expenses, and net income for the nine month periods then ended, are as follows:

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Amounts in SAR'000

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13. Business segments (continued)

September 30, 2012 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury	Asset Management and Brokerage	Total
Total assets	14,547,240	19,970,719	19,764,347	766,627	55,048,933
Total liabilities	13,373,528	4,290,235	28,281,807	29,947	45,975,517
Net special commission income	410,900	285,097	211,306	10,395	917,698
Fee income from banking services, net	97,192	78,196	-	59,485	234,873
Other operating income	8,044	99,901	24,701	-	132,646
Total operating income	516,136	463,194	236,007	69,880	1,285,217
Operating expenses before impairment	263,132	86,568	49,622	59,261	458,583
Impairment charge for credit losses, net	43,379	186,621	-	-	230,000
Impairment charge for non- trading investments, net	-	-	47,000	-	47,000
Total operating expenses	306,511	273,189	96,622	59,261	735,583
Share in earnings of associates	-	-	116,788	-	116,788
Net income for the period	209,625	190,005	256,173	10,619	666,422
September 30, 2011 (Unaudited)					
	Retail Banking	Corporate Banking	Treasury	Asset Management and Brokerage	Total
Total assets	12,390,897	20,739,464	16,947,070	543,804	50,621,235
Total liabilities	12,745,250	3,953,051	25,428,905	15,507	42,142,713
Net special commission income	372,946	379,644	174,180	12,626	939,396
Fee income from banking services, net	96,833	79,236	1,384	52,641	230,094
Other operating income	15,785	3,294	45,430	122	64,631
Total operating income	485,564	462,174	220,994	65,389	1,234,121
Operating expenses before impairment	277,212	75,706	50,654	50,416	453,988
Impairment charge for credit losses, net	22,871	200,129	-	-	223,000
Impairment charge for non-trading investments, net	-	-	67,000	-	67,000
Total operating expenses	300,083	275,835	117,654	50,416	743,988
Share in earnings of associates	-	-	74,800	-	74,800
Net income for the period	185,481	186,339	178,140	14,973	564,933

THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Amounts in SAR'000

For the nine month periods ended September 30, 2012 and 2011

14. Share capital and earnings per share

Basic and diluted earnings per share for the three month and nine month periods ended September 30, 2012 and 2011 are calculated by dividing the net income for the period attributable to the equity holders of the Bank by 550 million shares.

During 2010, the Board of Directors proposed a bonus share issue of 100,000,000 shares of SAR 10 per share, or one bonus share for each four and one-half shares outstanding. The Bonus share issue was approved at the shareholders' extraordinary general assembly meeting held on Rabi'II 21, 1432 (corresponding to March 26, 2011). Accordingly, the total number of issued and outstanding shares increased to 550,000,000.

15. Dividends

In 2011, the Board of Directors proposed a gross dividend for the 2011 year amounting to SAR 324.5 million. The dividend is equal to SAR 0.50 per share (SAR 275.0 million), plus the Zakat to be withheld from the Saudi shareholders, amounting to SAR 0.10 per share (SAR 49.5 million). The proposed dividend was approved by the Bank's shareholders in an ordinary general assembly meeting held on Rabi' II 25, 1433 (corresponding to March 18, 2012). The net dividends were paid to the Banks shareholders thereafter.

16. Capital adequacy

The Bank's objectives when managing capital are to comply with the capital requirements set by SAMA to safeguard the Bank's ability to continue as a going concern, and to maintain a strong capital base. Capital adequacy and the use of regulatory capital are monitored by the Bank's management. SAMA requires the Bank to hold a minimum level of regulatory capital and maintain a ratio of total regulatory capital to risk-weighted assets (RWA) at or above the requirement of 8%. The Bank monitors the adequacy of its capital using ratios established by SAMA. These ratios measure capital adequacy by comparing the Bank's eligible capital with its consolidated statement of financial position assets, commitments, and notional amount of derivatives, at a weighted amount to reflect their relative risk. The following table summarises the Bank's Pillar I RWA, Tier I and Tier II Capital, and Capital Adequacy Ratio percentages.

	Sep. 30, 2012 (Unaudited)	December 31, 2011 (Audited)	Sep. 30, 2011 (Unaudited)
Credit Risk RWA	42,397,209	38,572,080	41,833,517
Operational Risk RWA	2,913,004	2,913,004	2,979,299
Market Risk RWA	2,530,057	1,021,386	200,777
Total Pillar- I RWA	47,840,270	42,506,470	45,013,593
Tier I Capital	7,920,087	8,091,138	7,480,013
Tier II Capital	728,300	34,815	644,782
Total Tier I & II Capital	8,648,387	8,125,953	8,124,795
Capital Adequacy Ratio percentages			
Tier I Ratio	16.56%	19.04%	16.62%
Tier I + Tier II Ratio	18.08%	19.12%	18.05%

17. Comparative figures

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