

SAMBA FINANCIAL GROUP

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE THREE MONTH PERIOD ENDED
March 31, 2016**



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 March 31, 2016 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 (16), which form an integral part of these interim condensed consolidated financial statements. We have not reviewed note (15b), nor the information related to “Other Pillar 3 Disclosures of Basel Framework” 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 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.

Report on Review of Interim Condensed Consolidated Financial Statements (continued)

Other Regulatory Matters

As required by SAMA, certain capital adequacy information has been disclosed in note (15a) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (15a) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

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17 Rajab 1437H
(April 24, 2016)

STATEMENTS OF CONSOLIDATED FINANCIAL POSITION

	Notes	Mar 31, 2016 (Unaudited) (SR '000)	Dec 31, 2015 (Audited) (SR '000)	Mar 31, 2015 (Unaudited) (SR '000)
ASSETS				
Cash and balances with central banks		21,396,205	15,299,930	17,605,226
Due from banks and other financial institutions	16	11,623,552	14,415,818	9,022,489
Investments, net	5,16	63,232,419	69,952,186	62,086,649
Derivatives	8	3,185,347	2,606,132	3,659,810
Loans and advances, net	6,16	132,358,600	130,001,230	127,037,324
Property and equipment, net		2,305,635	2,267,212	2,114,455
Other assets		1,143,352	700,171	1,055,774
Total assets		235,245,110	235,242,679	222,581,727
LIABILITIES AND EQUITY				
LIABILITIES				
Due to banks and other financial institutions	16	11,375,856	19,197,230	9,893,152
Customer deposits	7,16	178,326,433	171,804,534	168,009,341
Derivatives	8	609,440	609,901	1,746,441
Other liabilities		3,436,373	3,271,157	4,055,632
Total liabilities		193,748,102	194,882,822	183,704,566
EQUITY				
Equity attributable to equity holders of the Bank				
Share capital	12	20,000,000	20,000,000	20,000,000
Statutory reserve		13,303,555	13,303,555	12,000,000
General reserve		130,000	130,000	130,000
Other reserves		80,450	205,507	1,480,321
Retained earnings		7,783,044	6,523,875	6,203,973
Proposed dividend		1,134,000	1,134,000	-
Treasury Stocks		(1,044,855)	(1,046,336)	(1,065,973)
Total equity attributable to equity holders of the Bank		41,386,194	40,250,601	38,748,321
Non-controlling interest		110,814	109,256	128,840
Total equity		41,497,008	40,359,857	38,877,161
Total liabilities and equity		235,245,110	235,242,679	222,581,727

The accompanying notes 1 to 16 form an integral part of the interim condensed consolidated financial statements.



Abdul Haleem Sheikh
Chief Financial Officer



Fahad Al-Mufarraj
Director



Sajjad Razvi
General Manager


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SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED INCOME
Unaudited


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	Three months ended	
	Mar 31, 2016	Mar 31, 2015
	(SR '000)	(SR '000)
Special commission income	1,494,414	1,237,911
Special commission expense	242,285	109,999
Special commission income, net	1,252,129	1,127,912
Fees and commission income, net	439,291	479,383
Exchange income, net	177,543	167,868
Income from investment held at FVIS, net	17,433	53,967
Trading loss, net	(63,784)	(23,128)
Gain on non-trading investments, net	49,557	167,573
Other operating income/(loss)	51,255	(625)
Total operating income	1,923,424	1,972,950
Salaries and employee related expenses	341,275	379,012
Rent and premises related expenses	91,875	80,555
Depreciation	30,895	30,965
Other general and administrative expenses	154,510	155,101
Provision for credit losses, net of recoveries	44,710	49,022
Total operating expenses	663,265	694,655
Net income for the periods	1,260,159	1,278,295
Attributable to:		
Equity holders of the Bank	1,259,156	1,277,946
Non-controlling interest	1,003	349
	1,260,159	1,278,295
Basic and diluted earnings per share		
for the periods (SR) - note 13	0.63	0.64

The accompanying notes 1 to 16 form an integral part of the interim condensed consolidated financial statements.


Abdul Haleem Sheikh
Chief Financial Officer


Fahad Al-Mufarraj
Director


Sajjad Razvi
General Manager

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SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME
Unaudited

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	<u>Three months ended</u>	
	Mar 31, 2016	Mar 31, 2015
	(SR '000)	(SR '000)
Net income for the periods	1,260,159	1,278,295
Other comprehensive income for the periods - items that may be reclassified subsequently to the statement of consolidated income:		
Exchange differences on translation of foreign operations	(6,239)	(14,236)
Available for sale financial assets:		
- Change in fair values	(59,884)	2,277
- Transfers to statements of consolidated income	(49,557)	(167,573)
Cash flow hedges:		
- Change in fair values	3,221	88,701
- Transfers to statements of consolidated income	(12,043)	(26,715)
Total comprehensive income for the periods	1,135,657	1,160,749
Attributable to:		
Equity holders of the Bank	1,134,099	1,159,804
Non-controlling interest	1,558	945
Total	1,135,657	1,160,749

The accompanying notes 1 to 16 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED CHANGES IN EQUITY

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Unaudited

Attributable to equity holders of the Bank

	Note	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 month period ended March 31, 2016													
Balance at the beginning of the period		20,000,000	13,303,555	130,000	(168,374)	365,824	8,057	6,523,875	1,134,000	(1,046,336)	40,250,601	109,256	40,359,857
Net changes in treasury stocks		-	-	-	-	-	-	13	-	1,481	1,494	-	1,494
Net income for the period		-	-	-	-	-	-	1,259,156	-	-	1,259,156	1,003	1,260,159
Other comprehensive income for the period		-	-	-	1	(116,236)	(8,822)	-	-	-	(125,057)	555	(124,502)
Balance at end of the period		20,000,000	13,303,555	130,000	(168,373)	249,588	(765)	7,783,044	1,134,000	(1,044,855)	41,386,194	110,814	41,497,008
For the three month period ended March 31, 2015													
Balance at the beginning of the period		12,000,000	12,000,000	130,000	(152,004)	1,785,193	(34,726)	12,926,090	1,197,000	(1,067,451)	38,784,102	127,895	38,911,997
Bonus shares issued	12	8,000,000	-	-	-	-	-	(8,000,000)	-	-	-	-	-
Net changes in treasury stocks		-	-	-	-	-	-	(63)	-	1,478	1,415	-	1,415
2014 final dividend paid		-	-	-	-	-	-	-	(1,197,000)	-	(1,197,000)	-	(1,197,000)
Net income for the period		-	-	-	-	-	-	1,277,946	-	-	1,277,946	349	1,278,295
Other comprehensive income for the period		-	-	-	(6,019)	(174,109)	61,986	-	-	-	(118,142)	596	(117,546)
Balance at end of the period		20,000,000	12,000,000	130,000	(158,023)	1,611,084	27,260	6,203,973	-	(1,065,973)	38,748,321	128,840	38,877,161

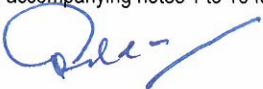
The accompanying notes 1 to 16 form an integral part of the interim condensed consolidated financial statements.

SAMBA FINANCIAL GROUP
STATEMENTS OF CONSOLIDATED CASH FLOWS
Unaudited

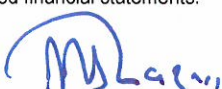
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	<u>Three months ended</u>	
	<u>Mar 31, 2016</u>	<u>Mar 31, 2015</u>
<u>Note</u>	<u>(SR '000)</u>	<u>(SR '000)</u>
<u>OPERATING ACTIVITIES</u>		
Net income for the periods	1,260,159	1,278,295
Adjustments to reconcile net income to net cash from operating activities:		
Accretion of discount and amortization of premium on non-trading investments, net	(23,542)	(3,997)
Income from investments held at FVIS, net	(17,433)	(53,967)
Gain on non-trading investments, net	(49,557)	(167,573)
Depreciation	30,895	30,965
(Gain)/loss on disposal of property and equipment, net	(498)	51
Provision for credit losses, net of recoveries	44,710	49,022
Net (increase)/decrease in operating assets:		
Statutory deposits with central banks	205,862	(76,689)
Due from banks and other financial institutions maturing after ninety days	(985,107)	(1,202,269)
Investments held for trading	328,750	366,406
Derivatives	(579,215)	(375,218)
Loans and advances	(2,402,080)	(2,676,770)
Other assets	(443,181)	(225,892)
Net increase/(decrease) in operating liabilities:		
Due to banks and other financial institutions	(7,821,374)	501,827
Customer deposits	6,521,899	3,889,083
Derivatives	(461)	198,430
Other liabilities	159,056	500,635
Net cash (used in)/from operating activities	<u>(3,771,117)</u>	<u>2,032,339</u>
<u>INVESTING ACTIVITIES</u>		
Proceeds from sale of and matured non-trading investments	43,486,115	37,739,364
Purchase of non-trading investments	(37,120,802)	(35,433,276)
Purchase of property and equipment, net of exchange adjustments	(74,359)	(79,640)
Proceeds from sale of property and equipment	5,539	854
Net cash from investing activities	<u>6,296,493</u>	<u>2,227,302</u>
<u>FINANCING ACTIVITIES</u>		
Treasury stocks, net	1,494	1,415
Dividends paid	(2,106)	(1,012,675)
Net cash used in financing activities	<u>(612)</u>	<u>(1,011,260)</u>
Increase in cash and cash equivalents	2,524,764	3,248,381
Cash and cash equivalents at the beginning of the period	10 17,151,011	10,266,201
Cash and cash equivalents at the end of the period	10 <u>19,675,775</u>	<u>13,514,582</u>
Special commission received during the period	1,573,769	1,236,174
Special commission paid during the period	60,305	135,820
<u>Supplemental non-cash information</u>		
Net changes in fair value and transfers to Statements of Consolidated Income	<u>(118,263)</u>	<u>(103,310)</u>

The accompanying notes 1 to 16 form an integral part of the interim condensed consolidated financial statements.


Abdul Haleem Sheikh
Chief Financial Officer


Fahad Al-Mufarraj
Director


Sajjad Razvi
General Manager

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 (12 February 1980). The Bank commenced business on 29 Shabaan 1400H (12 July 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 (13 December 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 Shariah approved Islamic banking products.

The interim condensed consolidated financial statements include 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 (19 August 2007), to manage the Bank's investment services and asset management activities related to dealing, arranging, managing, advisory and custody businesses. The Company is licensed by the CMA and commenced its business effective 19 January 2008.

Samba Bank Limited, Pakistan (SBL)

An 84.51% owned subsidiary incorporated as a banking company in Pakistan and engaged in commercial banking and related services, and listed on Pakistan Stock Exchange.

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; Investment Capital (Cayman) Limited (ICCL) which is fully owned by COCL. ICCL has invested in approximately 41.2% of the share capital of Access Co-Invest Limited, also a Cayman Island limited liability company, which manages these overseas investments.

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 (24 June 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 31 December 2015.

The interim condensed consolidated financial statements are expressed in Saudi Arabian Riyals (SR) and amounts are rounded to the nearest thousand.

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 of 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.

In addition to the subsidiaries stated above under note 1, the Bank is party to certain special purpose entities which are formed with the approval of SAMA solely to facilitate certain Shariah compliant financing arrangements. The Bank has concluded that these entities cannot be consolidated as it could not establish control over these entities. However, the exposures to these entities are included in the Bank's loans and advances portfolio.

The Bank has formed a wholly owned company called Samba Global Markets Limited, a limited liability company registered in the Cayman Islands on 1st February 2016, with the objective of managing certain treasury related transactions. The commercial operations of this subsidiary have not commenced up till the date of these 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 Group's annual consolidated financial statements for the year ended 31 December 2015 except for the amendments to existing standards and interpretation and new standards mentioned below effective as of 1 January 2016, which the Bank has adopted:

- Amendments to IAS 27: Equity Method in Separate Financial Statements - The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Effective for annual periods beginning on or after 1 January 2016.

- IFRS 14 Regulatory Deferral Accounts. Effective for annual periods beginning on or after 1 January 2016.

- Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests - Effective for annual periods beginning on or after 1 January 2016.

- Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation - Effective prospectively for annual periods beginning on or after 1 January 2016.

- IFRS 10, IFRS 12 and IAS 28 Investment Entities – Amendments to IFRS 10 clarify that the exemption in paragraph 4 of IFRS 10 from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures its subsidiaries at fair value. Only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value.

- Annual improvements to International Financial Reporting Standards - 2012-2014 cycle. Effective for annual periods beginning on or after 1 January 2016. These include:-

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5.
- IFRS 7 Financial Instruments: Disclosures - The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.
- IAS 19 Employee Benefits - The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used.
- IAS 34 Interim Financial Reporting - The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial statements and at the same time. This amendment must be applied retrospectively.
- IAS 1 Disclosure Initiative - The amendments clarify:
 - The materiality requirements in IAS 1.
 - That specific line items in the statements of profit or loss and other comprehensive income and the statement of financial position may be disaggregated.
 - That entities have flexibility as to the order in which they present the notes to financial statements.
 - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to income.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statements of income and other comprehensive income.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

5. INVESTMENTS, NET

Investment securities are classified as follows:

	Mar 31, 2016 (Unaudited) (SR'000)	Dec 31, 2015 (Audited) (SR'000)	Mar 31, 2015 (Unaudited) (SR'000)
Held at fair value through income statement (FVIS)	2,869,237	3,478,326	3,255,080
Available for sale (AFS)	35,986,576	52,762,805	54,799,754
Held to maturity	3,236,616	3,204,434	3,198,428
Other investments held at amortized cost	21,139,990	10,506,621	833,387
TOTAL	63,232,419	69,952,186	62,086,649

FVIS investments above include investments held for trading amounting to SR 798.1 million (December 31, 2015: SR 1,126.8 million, March 31, 2015: SR 1,029.5 million).

6. LOANS AND ADVANCES, NET

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

	Mar 31, 2016 (Unaudited) (SR'000)	Dec 31, 2015 (Audited) (SR'000)	Mar 31, 2015 (Unaudited) (SR'000)
Credit cards	1,390,788	1,378,443	1,347,014
Consumer loans	19,303,141	19,234,950	18,720,578
Commercial loans and advances	112,588,165	110,291,758	107,994,886
Performing loans and advances	133,282,094	130,905,151	128,062,478
Non performing loans and advances	1,109,934	1,113,829	1,650,519
Gross loans and advances	134,392,028	132,018,980	129,712,997
Provision for credit losses	(2,033,428)	(2,017,750)	(2,675,673)
TOTAL	132,358,600	130,001,230	127,037,324

7. CUSTOMER DEPOSITS

Customer deposits are as follows:

	Mar 31, 2016 (Unaudited) (SR'000)	Dec 31, 2015 (Audited) (SR'000)	Mar 31, 2015 (Unaudited) (SR'000)
Demand	112,401,511	110,631,912	114,583,161
Saving	7,045,500	6,869,525	6,809,541
Time	49,725,679	46,973,806	38,404,906
Other	9,153,743	7,329,291	8,211,733
TOTAL	178,326,433	171,804,534	168,009,341

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.

All derivatives are reported in the 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, 2016 (Unaudited) (SR '000)			Dec 31, 2015 (Audited) (SR '000)			Mar 31, 2015 (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	2,554,012	2,509,945	93,478,941	2,184,469	2,177,894	88,575,410	2,742,639	2,760,090	99,431,225
Commission rate futures, options and guarantees	20,473	22,789	2,777,357	34,524	29,179	2,264,016	17,389	14,711	1,628,486
Forward foreign exchange contracts	131,339	82,078	34,538,070	65,487	117,603	28,761,712	156,859	133,247	59,133,921
Currency options	565,976	517,423	70,646,253	287,822	274,990	70,967,792	647,081	629,365	79,586,340
Swaptions	3,096	4,969	-	18,967	22,875	1,875,000	18,029	15,722	1,884,375
Equity & commodity options	202,979	222,086	2,655,060	176,384	178,999	2,585,483	327,812	339,919	5,931,136
Other	1,748	1,693	107,702	1,787	1,690	82,467	3,638	3,243	595,445
Held as cash flow hedges									
Commission rate swaps	63,962	53,986	3,778,200	54,567	36,725	2,376,950	117,407	55,819	4,619,450
Sub-total	3,543,585	3,414,969	207,981,583	2,824,007	2,839,955	197,488,830	4,030,854	3,952,116	252,810,378
Cash collateral received / paid	(358,238)	(2,805,529)		(217,875)	(2,230,054)		(371,044)	(2,205,675)	
TOTAL	3,185,347	609,440		2,606,132	609,901		3,659,810	1,746,441	

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, 2016 (Unaudited) (SR '000)	Dec 31, 2015 (Audited) (SR '000)	Mar 31, 2015 (Unaudited) (SR '000)
Letters of credit	6,791,306	8,348,011	10,332,076
Letters of guarantee	39,737,243	40,291,388	38,255,302
Acceptances	2,277,026	2,547,728	2,226,417
Irrevocable commitments to extend credit	4,723,022	5,509,770	6,090,763
Other	247,679	239,337	328,262
TOTAL	53,776,276	56,936,234	57,232,820

10. CASH AND CASH EQUIVALENTS

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

	Mar 31, 2016 (Unaudited) (SR '000)	Dec 31, 2015 (Audited) (SR '000)	Mar 31, 2015 (Unaudited) (SR '000)
Cash and balances with central banks excluding statutory deposits	11,775,251	5,473,114	7,883,000
Due from banks and other financial institutions maturing within ninety days	7,900,524	11,677,897	5,631,582
TOTAL	19,675,775	17,151,011	13,514,582

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 customer 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 markets-based 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, 2016 and 2015, 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, 2016 (Unaudited)

<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	38,873,586	109,244,855	87,007,507	119,162	235,245,110
Total liabilities	102,078,467	79,233,618	12,320,431	115,586	193,748,102
Total operating income	591,487	691,397	452,898	187,642	1,923,424
Total operating expenses	430,169	161,541	32,546	39,009	663,265
of which:					
Depreciation	11,979	16,122	199	2,595	30,895
Provisions for credit losses	38,160	6,550	-	-	44,710
Net income for the period	161,318	529,856	420,352	148,633	1,260,159
Capital expenditure	21,076	48,844	4,554	39	74,513

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

11. OPERATING SEGMENTS (continued)

	March 31, 2015 (Unaudited)				
<u>SR'000</u>	Consumer	Corporate	Treasury	Investment banking	Total
Total assets	39,463,281	103,466,167	79,467,469	184,810	222,581,727
Total liabilities	96,588,298	75,181,353	11,803,009	131,906	183,704,566
Total operating income	490,537	639,483	601,786	241,144	1,972,950
Total operating expenses	417,839	177,846	52,117	46,853	694,655
of which:					
Depreciation	10,732	17,225	221	2,787	30,965
Provisions for credit losses	21,214	27,808	-	-	49,022
Net income for the period	72,698	461,637	549,669	194,291	1,278,295
Capital expenditure	11,385	64,972	3,145	138	79,640

12. SHARE CAPITAL

The authorized, issued and fully paid share capital of the Bank consists of 2,000 million shares (2015: 2,000 million shares) of SAR 10 each. During the year 2015, the shareholders approved a bonus issue of two shares for every three shares held at their extraordinary general assembly meeting held on March 18, 2015. The bonus shares have been issued to the shareholders effective the date of the extraordinary general assembly meeting.

13. BASIC AND DILUTED EARNINGS PER SHARE

Basic and diluted earnings per share for the periods ended March 31, 2016 and 2015 are calculated by dividing the net income for the periods attributable to the equity holders of the Bank by 2,000 million shares.

14. 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.

NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (continued)

(Unaudited)

14. FAIR VALUES OF FINANCIAL INSTRUMENTS (continued)

SR '000		March 31, 2016 (Unaudited)			
		Level 1	Level 2	Level 3	Total
Financial Assets:					
Investments held at FVIS		755,520	2,113,717	-	2,869,237
Investments available for sale		14,614,514	20,184,881	1,187,181	35,986,576
Investments held to maturity		3,034,858	452,485	-	3,487,343
Other Investments held at amortised cost		-	21,178,102	166,844	21,344,946
Loans and advances, net			132,677,695	-	132,677,695
Total		18,404,892	176,606,880	1,354,025	196,365,797
Financial Liabilities:					
Financial liabilities designated at FVIS		-	125,523	-	125,523
Total		-	125,523	-	125,523
Derivative financial instruments:					
Financial assets		4,561	3,180,786	-	3,185,347
Financial liabilities		5,937	603,503	-	609,440

SR '000		March 31, 2015 (Unaudited)			
		Level 1	Level 2	Level 3	Total
Financial Assets:					
Investments held at FVIS		974,663	2,280,417	-	3,255,080
Investments available for sale		16,582,296	37,514,619	702,839	54,799,754
Investments held to maturity		3,056,992	423,347	-	3,480,339
Other Investments held at amortised cost		-	426,025	416,020	842,045
Loans and advances, net		-	127,887,852	-	127,887,852
Total		20,613,951	168,532,260	1,118,859	190,265,070
Financial Liabilities:					
Financial liabilities designated at FVIS		-	166,943	-	166,943
Total		-	166,943	-	166,943
Derivative financial instruments:					
Financial assets		5,502	3,654,308	-	3,659,810
Financial liabilities		6,743	1,739,698	-	1,746,441

The fair values of on-balance sheet financial instruments, except for other investments held at amortized cost and held-to-maturity investments which are carried at amortized cost, are not significantly different from the carrying values included in the interim condensed consolidated financial statements. The Group's portfolio of loans and advances to customers is well diversified by industry. More than three quarters of the portfolio reprices within less than a year and accordingly the fair value of this portfolio approximates its carrying value, subject to any significant movement in credit spreads. The fair values of commission bearing customers' 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 special 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. During the period, there have been no transfers within levels of the fair value hierarchy.

Fair values of private equity investments classified in Level 3 are determined based on the investees' latest reported net assets values as at the date of statements of financial position.

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

15.(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, 2016 (Unaudited) (SR '000)	Dec 31, 2015 (Audited) (SR '000)	Mar 31, 2015 (Unaudited) (SR '000)
Samba Financial Group (consolidated)			
Credit risk RWA	181,361,863	181,689,185	179,453,960
Operational risk RWA	13,122,515	13,091,257	13,096,307
Market risk RWA	11,693,163	11,862,675	14,258,613
Total RWA	206,177,541	206,643,117	206,808,880
Tier I capital	41,387,853	40,237,264	38,714,222
Tier II capital	1,219,423	1,209,835	1,156,736
Total tier I & II capital	42,607,276	41,447,099	39,870,958
Capital Adequacy Ratio %			
Tier I ratio	20.1%	19.5%	18.7%
Tier I + II ratio	20.7%	20.1%	19.3%
Capital adequacy ratios for SBL are as follows:			
Tier I ratio	28.2%	29.4%	31.6%
Tier I + II ratio	30.2%	30.6%	32.8%

15.(b) OTHER PILLAR 3 DISCLOSURES

Certain quantitative disclosures including those related to Group's Capital Structure, as required by SAMA under pillar 3 of Basel framework, have been published on the Bank's official website www.samba.com.

16. PRIOR PERIOD RECLASSIFICATIONS

The Accrued Special Commission Receivable or Payable on Financial Assets or Financial Liabilities, which was previously shown under "Other Assets" or "Other Liabilities" respectively, has now been shown together with the related asset or liability as required by IFRS for better presentation purposes. Accordingly, prior period numbers for the related assets or liabilities have been reclassified to conform to current period's presentation.