



**THE SAUDI INVESTMENT BANK**  
(A Saudi joint stock company)

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**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

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**For the three months ended March 31, 2009**

**(Unaudited)**

# THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<b>Note</b>	<b>March 31, 2009 (Unaudited SAR'000</b>	<b>Dec 31, 2008 (Audited) SAR'000</b>	<b>March 31, 2008 (Unaudited) SAR'000</b>
<b>ASSETS</b>				
Cash and balances with SAMA		<b>1,504,054</b>	1,426,919	1,232,310
Due from banks and other financial institutions		<b>4,526,948</b>	7,452,651	3,692,689
Investments, net	5	<b>11,613,363</b>	12,731,159	14,583,864
Investment in associates		<b>818,206</b>	719,422	521,669
Loans and advances, net		<b>30,110,120</b>	29,555,560	24,563,489
Property and equipment, net		<b>582,875</b>	547,585	442,318
Other assets		<b>1,128,775</b>	1,163,068	1,086,243
<b>Total assets</b>		<b>50,284,341</b>	<b>53,596,364</b>	<b>46,122,582</b>
<b>LIABILITIES AND EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		<b>4,424,231</b>	5,208,913	3,923,543
Customer deposits		<b>38,042,331</b>	40,702,391	33,079,151
Other liabilities		<b>904,648</b>	1,076,462	888,500
Term loan		-	-	1,425,000
<b>Total liabilities</b>		<b>43,371,210</b>	<b>46,987,766</b>	<b>39,316,194</b>
<b>Equity</b>				
<b>Equity attributable to shareholders of the Bank</b>				
Share capital	10	<b>4,500,000</b>	4,500,000	4,500,000
Statutory reserve		<b>2,287,000</b>	2,287,000	2,158,000
Other reserves		<b>(511,439)</b>	(573,883)	(151,946)
Retained earnings		<b>653,061</b>	412,475	286,414
Employee stock option shares		<b>(44,490)</b>	(44,490)	-
<b>Total equity attributable to shareholders of the Bank</b>		<b>6,884,132</b>	<b>6,581,102</b>	<b>6,792,468</b>
Minority interest		<b>28,999</b>	27,496	13,920
<b>Total equity</b>		<b>6,913,131</b>	<b>6,608,598</b>	<b>6,806,388</b>
<b>Total liabilities and equity</b>		<b>50,284,341</b>	<b>53,596,364</b>	<b>46,122,582</b>

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements

# THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

## CONSOLIDATED INCOME STATEMENT (Unaudited)

For the three months ended March 31

	Note	2009 (SAR'000)	2008 (SAR'000)
Special commission income		557,736	592,072
Special commission expense		316,598	336,907
<b>Net special commission income</b>		<b>241,138</b>	<b>255,165</b>
Fee income from banking services, net		51,982	160,741
Exchange income, net		8,044	12,522
Dividend income		14,243	16,668
Gain on non-trading investments, net		2,121	37,592
<b>Total operating income</b>		<b>317,528</b>	<b>482,688</b>
Salaries and employee-related expenses		76,278	72,935
Rent and premises-related expenses		13,447	12,575
Depreciation and amortization		10,157	11,677
Other general and administrative expenses		31,273	15,507
Impairment charge for credit losses, net		5,000	15,000
Impairment of non-trading investments		-	93,000
<b>Total operating expenses</b>		<b>136,155</b>	<b>220,694</b>
<b>Income from operating activities</b>		<b>181,373</b>	<b>261,994</b>
<b>Share in earnings from associates, net</b>		<b>62,618</b>	<b>-</b>
<b>Net income for the period</b>		<b>243,991</b>	<b>261,994</b>
Income attributable to minority interest		3,405	3,826
<b>Net income for the period attributable to shareholders of the Bank</b>		<b>240,586</b>	<b>258,168</b>
<b>Basic and diluted earnings per share (Expressed in SAR per share)</b>	10	<b>0.53</b>	<b>0.57</b>

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements

# THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME For the three months ended March 31

	<b>2009</b> <b>(SAR'000)</b>	<b>2008</b> <b>(SAR'000)</b>
<b>Net income for the period</b>	<b>243,991</b>	261,994
<b>Other comprehensive income:</b>		
Available for sale investments:		
- Net change in fair value	<b>60,274</b>	(179,824)
- Transfer to consolidated income statement	<b>2,121</b>	(55,408)
<b>Total comprehensive income for the period</b>	<b>306,386</b>	26,762
Attributable to:		
Shareholders of the Bank	<b>303,030</b>	22,842
Minority interest	<b>3,356</b>	3,920
<b>Total comprehensive income for the period</b>	<b>306,386</b>	26,762

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements

**THE SAUDI INVESTMENT BANK**  
(A Saudi joint stock company)

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (Unaudited)**  
**For the three months ended March 31**

						Employee stock option share	Total equity attributable to share- holders of the Bank	Minority interest	Total
		Share capital	Statutory reserve	Other reserves	Retained earnings				
<b>2009</b>	<b>Note</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>
Balance at the beginning of the period		4,500,000	2,287,000	(573,883)	412,475	(44,490)	6,581,102	27,496	6,608,598
Total comprehensive income for the period		-	-	62,444	240,586	-	303,030	3,356	306,386
Payment to minority interest		-	-	-	-	-	-	(1,853)	(1,853)
<b>Balance at the end of the period</b>		<b>4,500,000</b>	<b>2,287,000</b>	<b>(511,439)</b>	<b>653,061</b>	<b>(44,490)</b>	<b>6,884,132</b>	<b>28,999</b>	<b>6,913,131</b>

  

						Employee stock option share	Total equity attributable to the share- holders of the Bank	Minority interest	Total
		Share capital	Statutory reserve	Other reserves	Retained earnings				
<b>2008</b>	<b>Note</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>
Balance at the beginning of the period		3,910,160	2,158,000	83,380	618,086	-	6,769,626	-	6,769,626
Minority interest added during the period		-	-	-	-	-	-	10,000	10,000
Total comprehensive income for the period		-	-	(235,326)	258,168	-	22,842	3,920	26,762
Bonus share issue	10	589,840	-	-	(589,840)	-	-	-	-
<b>Balance at end of the period</b>		<b>4,500,000</b>	<b>2,158,000</b>	<b>(151,946)</b>	<b>286,414</b>	<b>-</b>	<b>6,792,468</b>	<b>13,920</b>	<b>6,806,388</b>

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements

# THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

## CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

For the three months ended March 31

	Note	2009 SAR'000	2008 SAR'000
<b>OPERATING ACTIVITIES</b>			
Net income for the period		243,991	261,994
<b>Adjustments to reconcile net income to net cash used in operating activities:</b>			
Accretion of discounts on non-trading investments, net		(32,404)	(50,934)
Gain on non-trading investments, net		(2,121)	(37,592)
Depreciation and amortization		10,157	11,677
Impairment charge for credit losses		5,000	15,000
Impairment of non-trading investments		-	93,000
Share in earnings of associates		(62,618)	-
		162,005	293,145
<b>Net (increase) decrease in operating assets:</b>			
Statutory deposit with SAMA		18,067	(13,391)
Due from banks and other financial institutions maturing after three months from the acquisition date		(298,366)	108,763
Loans and advances		(559,560)	(1,449,788)
Other assets		34,293	4,961
<b>Net (decrease) increase in operating liabilities:</b>			
Due to banks and other financial institutions		(784,682)	(588,558)
Customer deposits		(2,660,060)	310,880
Other liabilities		(171,814)	(178,295)
<b>Net cash used in operating activities</b>		<b>(4,260,117)</b>	<b>(1,512,283)</b>
<b>INVESTING ACTIVITIES</b>			
Proceeds from sale of and matured non-trading investments		1,385,350	1,675,961
Purchase of non-trading investments		(172,488)	(637,793)
Increase of investment in associates		(36,166)	-
Purchase of property and equipment		(56,928)	(29,290)
Proceeds from sale of property and equipment		11,482	-
<b>Net cash from investing activities</b>		<b>1,131,250</b>	<b>1,008,878</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,128,867)</b>	<b>(503,405)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>7,780,742</b>	<b>4,740,914</b>
<b>Cash and cash equivalents at end of the period</b>	8	<b>4,651,875</b>	<b>4,237,509</b>
Special commission received during the period		572,406	720,590
Special commission paid during the period		470,440	444,386
<b>Supplemental non-cash information</b>			
Net changes in fair value and transfers to consolidated income statement		62,444	(235,326)
Bonus share issue	10	-	589,840

The accompanying notes 1 to 12 form an integral part of these interim condensed consolidated financial statements

# THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

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## NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) For the three months ended March 31, 2009 and 2008

### 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. The Bank operates under Commercial Registration No. 1010011570 dated 25 Rabie Awwal 1397H, corresponding to March 16, 1977 through its 36 branches (2008: 27 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 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. The interim condensed consolidated financial statements should be read in conjunction with the annual financial statements for the year ended December 31, 2008.

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

### 3. Basis of consolidation

These interim condensed consolidated financial statements comprise the financial statements of The Saudi Investment Bank and its subsidiaries, Alistithmar for Financial Securities and Brokerage Company and SAIB BNP Paribas Asset Management Company (collectively referred to as the "Group"). The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, 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 controlled by the Bank. Control exists when 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 off during the period, if any, are included in the consolidated income statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Minority interest represents the portion of net income and net assets not owned, directly or indirectly, by the Bank in its subsidiaries and is presented separately in the consolidated income statement and within equity in the consolidated statement of financial position, separately from the Bank shareholders' equity.

Balances between the Bank and its subsidiaries, and any unrealized income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

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

Amounts in SAR'000

For the three months ended March 31, 2009 and 2008

### 4. Significant accounting policies

The accounting policies adopted are consistent with those of the annual financial statements for the year ended December 31, 2008, as described in the annual financial statements for the year ended December 31, 2008, except for the adoption of International Financial Reporting Standard "IFRS" 8 - "Operating Segments" and amendments to existing standards, as mentioned below:

- IFRS 8 "Operating Segments", which supersedes IAS 14 Segment Reporting and require disclosure of information about the Groups operating segments;
- The revisions and amendments to IAS 1 "Presentation of Financial Statements";
- Amendments to IFRS 2 "Share Based Payments" – vesting conditions and cancellations; and
- IAS 32 "Financial Instruments: Presentation".

The Bank has adopted the standard and amendments with retrospective effect which had no impact on the financial position and financial performance of the Group. The comparative information has been restated, where required, to conform to current period presentation.

Share in earnings from associates represents the Bank's equity interest in the net income of its associate companies that are being accounted for on the equity method of accounting. The Bank generally records its share in earnings when a reasonable estimate can be made or audited financial statements are obtained.

### 5. Investments, net

Investments are classified as follows:

	<b>At Mar. 31, 2009 (Unaudited)</b>	At Dec. 31, 2008 (Audited)	At Mar. 31, 2008 (Unaudited)
Available for sale	<b>11,422,593</b>	12,607,826	14,583,864
Held to maturity	<b>190,770</b>	123,333	-
<b>Total</b>	<b>11,613,363</b>	<b>12,731,159</b>	<b>14,583,864</b>

The above investments include receivable securitization agreements amounting to SR 313 million (December 31, 2008: 436 million and March 31, 2008: 1,280 million) entered into by the Bank, which upon initial recognition were designated as available for sale. Their fair values are determined by using an appropriate pricing model.

### 6. 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 Group's exposure to credit risk, which is generally limited to the positive fair value of the derivatives, nor market risk.

	<b>At Mar. 31, 2009 (Unaudited)</b>			<b>At Dec. 31, 2008 (Audited)</b>			<b>At Mar. 31, 2008 (Unaudited)</b>		
	<b>Fair value</b>		<b>Notional Amount</b>	<b>Fair value</b>		<b>Notional Amount</b>	<b>Fair value</b>		<b>Notional Amount</b>
	<b>Positive</b>	<b>Negative</b>		<b>Positive</b>	<b>Negative</b>		<b>Positive</b>	<b>Negative</b>	
<b>Held for trading:</b>									
Forward foreign exchange contracts	2,095	1,836	1,466,614	11,216	7,984	1,337,485	15,564	14,289	1,988,487
<b>Held as fair value hedges:</b>									
Commission rate swaps	50,452	108,311	848,684	64,663	118,788	863,066	119,524	147,951	896,759



Total	52,547	110,147	2,315,298	75,879	126,772	2,200,551	135,088	162,240	2,885,246
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## THE SAUDI INVESTMENT BANK

(A Saudi joint stock company)

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

Amounts in SAR'000

For the three months ended March 31, 2009 and 2008

#### 7. Credit-related commitments and contingencies

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

	At Mar. 31, 2009 (Unaudited)	At Dec. 31, 2008 (Audited)	At Mar. 31, 2008 (Unaudited)
Letters of credit	1,005,295	803,054	1,246,858
Letters of guarantee	3,193,430	3,131,452	2,356,157
Acceptances	835,936	1,130,282	868,471
Irrevocable commitments to extend credit	500,532	422,259	244,313
<b>Total</b>	<b>5,535,193</b>	<b>5,487,047</b>	<b>4,715,799</b>

#### 8. Cash and cash equivalents

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

	At Mar. 31, 2009 (Unaudited)	At Dec. 31, 2008 (Audited)	At Mar. 31, 2008 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	442,058	346,856	563,578
Due from banks and other financial institutions maturing within three months from acquisition date	4,209,817	7,433,886	3,673,931
<b>Total</b>	<b>4,651,875</b>	<b>7,780,742</b>	<b>4,237,509</b>

#### 9. Business segments

The Group's primary business is conducted in the Kingdom of Saudi Arabia.

Transactions between the business segments are on normal commercial terms and conditions. There are no other material items of income or expense between the business segments. Segment assets and liabilities comprise operating assets and liabilities, being the majority of the balance.

For management purposes, the Group is organized into the following primary business segments:

##### Retail banking

Deposits, credit and investment 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, trading and treasury services.

## THE SAUDI INVESTMENT BANK

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

Amounts in SAR'000

For the three months ended March 31, 2009 and 2008

#### 9. Business segments (continued)

##### Investment banking and brokerage

Investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities.

Commission is charged to business segments based on a pool rate, which approximates the marginal cost of funds.

The Group's total assets and liabilities as at March 31, 2009 and 2008, its total operating income, expenses, and net income for the three-month periods then ended, by business segments, being the primary reporting segments, are as follows:

	March 31, 2009 (Unaudited)				Total
	Retail Banking	Corporate Banking	Treasury	Investment Banking and Brokerage	
Total assets	12,917,304	20,172,151	17,113,004	81,882	50,284,341
Total liabilities	15,925,299	22,288,713	5,129,326	27,872	43,371,210
Total operating income	129,785	127,260	35,016	25,467	317,528
Total operating expenses	61,081	35,956	18,199	20,919	136,155
Share in earnings from associates, net	-	-	62,618	-	62,618
Net income for the period	68,704	91,304	79,435	4,548	243,991

  

	March 31, 2008 (Unaudited)				Total
	Retail Banking	Corporate Banking	Treasury	Investment Banking and Brokerage	
Total assets	11,337,389	15,664,987	19,046,958	73,248	46,122,582
Total liabilities	10,676,499	22,176,760	6,461,406	1,529	39,316,194
Total operating income	104,746	159,305	134,127	84,510	482,688
Total operating expenses	46,980	40,234	114,099	19,381	220,694
Net income for the period	57,766	119,071	20,028	65,129	261,994

## THE SAUDI INVESTMENT BANK

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

Amounts in SAR'000

For the three months ended March 31, 2009 and 2008

#### 10. Share capital and earnings per share

The Board of Directors proposed a bonus share issue of 58,984,000 shares of SAR 10 each which was approved at the shareholders' extraordinary general assembly meeting held on 1 Rabi Alawal 1429H (corresponding to March 9, 2008). Accordingly, the total number of issued and outstanding shares increased to 450,000,000.

Basic and diluted earnings per share for the three month periods ended March 31, 2009 and 2008 are calculated by dividing the net income for the period attributable to the shareholders of the Bank by 450 million shares.

#### 11. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in the business. The adequacy of the Bank's capital is monitored using, among other measures, the rules and ratios established by the Basel Committee on Banking Supervision and adopted by the Saudi Arabian Monetary Agency in supervising the Bank.

Capital Adequacy Ratios	March 31, 2009 (Unaudited)		March 31, 2008 (Unaudited)	
	Total capital ratio %	Tier 1 capital ratio %	Total capital ratio %	Tier 1 capital ratio %
Particulars				
Top consolidated level	<u>14.14</u>	<u>13.34</u>	<u>14.17</u>	<u>13.14</u>

#### 12. Comparative figures

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