



INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
June 30, 2011


البنك السعودي
e Saudi Fransi
QADEER MIRZA
M 002 A




البنك السعودي الفرنسي
Banque Saudi Fransi
ABDULRAHMAN A. JAWA
D.M.D.

Report on Review of Interim Condensed Consolidated Financial Statements

To the Shareholders of Banque Saudi Fransi
(A Saudi Joint Stock Company)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Banque Saudi Fransi (the "Bank") and its subsidiaries as of June 30, 2011, and the related interim condensed consolidated income statement and the interim condensed consolidated statements of comprehensive income for the three-month and six month periods ended June 30, 2011, and the interim condensed consolidated statements of changes in equity and cash flows for the six-month period then ended and the notes from (1) to 15 (a) for the six-month period then ended. We have not reviewed note 15 (b), nor the information related to "Basel II Pillar III Disclosures" cross-referenced therein, which is not required to be within the scope of our review.

Management's Responsibility for the Interim Condensed Consolidated Financial Statements

The Bank's management is responsible for the preparation and presentation of these interim condensed consolidated financial statements in accordance with applicable Accounting Standards for Financial Institutions and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency ("SAMA") and with International Accounting Standard No. 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with generally accepted standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with applicable Accounting Standards for Financial Institutions issued by SAMA and with International Accounting Standard No. 34.

Other Regulatory Matters

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

PricewaterhouseCoopers
P O Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

Mohammed A. Al Obaidi
Certified Public Accountant
Registration No. 367



26 Sha'aban 1432H
July 27, 2011

KPMG Al Fozan & Al Sadhan
P O Box 92876
Riyadh 11663
Kingdom of Saudi Arabia

Abdullah H. Al Fozan
Certified Public Accountant
Registration No. 348



البنك السعودي الفرنسي
Saudi Fransi
GADEER MIRZA
M 002 A

البنك السعودي الفرنسي
Banque Saudi Fransi
ABDULRAHMAN A. JAWA
D.M.D.

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at

Page 2

SAR '000	Note	Jun 30, 2011 (Unaudited)	Dec 31, 2010 (Audited)	Jun 30, 2010 (Unaudited)
ASSETS				
Cash and balances with SAMA		9,202,632	10,864,136	8,889,356
Due from banks and other financial institutions		9,046,802	5,191,617	5,843,040
Investments, net	3	22,867,924	19,840,715	16,993,673
Loans and advances, net	4	85,200,491	80,976,587	81,935,892
Investment in associates	5	181,139	185,628	183,088
Property and equipment, net		574,183	586,304	604,340
Other assets		6,664,903	5,573,343	6,112,676
Total assets		133,738,074	123,218,330	120,562,065
LIABILITIES AND EQUITY				
Liabilities				
Due to banks and other financial institutions		5,333,994	2,312,906	2,087,666
Customers' deposits	6	99,707,759	93,529,251	92,226,737
Term loans		2,507,363	2,428,019	2,429,250
Debt securities	7	2,409,156	2,465,756	2,429,228
Other liabilities		5,302,117	4,459,350	4,473,605
Total liabilities		115,260,389	105,195,282	103,646,486
Equity attributable to equity holders of the Bank				
Share capital		7,232,143	7,232,143	7,232,143
Statutory reserve	13	6,444,647	6,072,101	5,371,849
General reserve		982,857	982,857	982,857
Other reserves		1,073,726	746,972	970,209
Retained earnings		2,744,312	2,169,588	2,339,378
Proposed dividend		-	800,000	-
Total equity attributable to the equity holders of the Bank		18,477,685	18,003,661	16,896,436
Non controlling interest		-	19,387	19,143
Total equity		18,477,685	18,023,048	16,915,579
Total liabilities and equity		133,738,074	123,218,330	120,562,065

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.


 Banque Saudi Fransi
 ABDUL QADEER MIRZA
 M 002 A


 البنك السعودي الفرنسي
 Banque Saudi Fransi
 ABDULRAHMAN A. JAWA
 D.M.D.





BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED INCOME STATEMENT
Unaudited

Page 3

SAR '000	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Special commission income	906,020	887,562	1,787,585	1,725,156
Special commission expense	117,368	111,254	241,471	225,770
Net special commission income	788,652	776,308	1,546,114	1,499,386
Fee and commission income, net	281,818	245,384	548,900	467,047
Exchange income, net	53,997	50,376	103,030	98,710
Trading income, net	25,329	71,764	94,851	143,539
Dividend income	5,139	5,905	5,139	6,756
Other operating income	7,735	4,859	14,906	11,218
Total operating income	1,162,670	1,154,596	2,312,940	2,226,656
Salaries and employee related expenses	198,183	178,194	426,758	349,150
Rent and premises related expenses	29,033	25,921	57,792	51,586
Depreciation and amortization	33,133	31,007	65,393	61,973
Other general and administrative expenses	100,722	74,300	191,057	150,623
Impairment charge for credit losses, net	23,458	83,972	45,678	137,859
Other operating expenses	1,516	2,391	25,882	3,003
Total operating expenses	386,045	395,785	812,560	754,194
Income from operating activities	776,625	758,811	1,500,380	1,472,462
Share in losses of associates, net	(3,191)	(1,876)	(10,197)	(1,881)
Net income for the period	773,434	756,935	1,490,183	1,470,581
Attributable to :				
Equity holders of the Bank	773,434	756,897	1,490,183	1,470,545
Non controlling interest	-	38	-	36
Net income for the period	773,434	756,935	1,490,183	1,470,581
Weighted average number of outstanding shares	723,214	723,214	723,214	723,214
Basic and diluted earnings per share for the period (SAR) - Note 12	1.07	1.05	2.06	2.03

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Unaudited

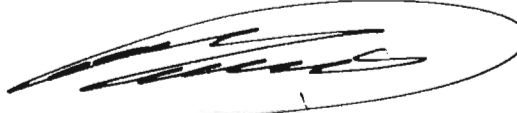
Page 4

SAR '000	For the three months ended		For the six months ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Net income for the period	773,434	756,935	1,490,183	1,470,581
Other comprehensive income (loss):				
<u>Available for sale investments</u>				
Net change in the fair value	(41,012)	(24,935)	(62,768)	82,897
<u>Cash flow hedge</u>				
Net change in the fair value	664,518	554,627	724,891	900,651
Income transferred to interim condensed consolidated income statement	(169,810)	(158,222)	(335,369)	(300,330)
Total comprehensive income for the period	1,227,130	1,128,405	1,816,937	2,153,799
Attributable to:				
Equity holders of the Bank	1,227,130	1,128,367	1,816,937	2,153,763
Non controlling interest	-	38	-	36
Total comprehensive income for the period	1,227,130	1,128,405	1,816,937	2,153,799

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.


البنك السعودي الفرنسي
Banque Saudi Fransi
ABDUL QADEER MIRZA
M 002 A






البنك السعودي الفرنسي
Banque Saudi Fransi
ABDULRAHMAN A. JAWA
D.M.D.

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Unaudited

Page 5

SAR '000	Notes	Attributable to Equity holders of the Bank							Non controlling interest	Total equity	
		Share capital	Statutory reserve	General reserve	Other reserves			Proposed dividend			Total
					Available for sale investments	Cash flow hedge	Retained earnings				
<u>For the six months period ended June 30, 2011</u>											
Balance at the beginning of the period		7,232,143	6,072,101	982,857	44,697	702,275	2,169,588	800,000	19,387	18,023,048	
Total Comprehensive income for the period		-	-	-	(62,768)	389,522	1,490,183	-	-	1,816,937	
Transfer to statutory reserve	13	-	372,546	-	-	-	(372,546)	-	-	-	
Interim gross dividend	13	-	-	-	-	-	(542,913)	-	-	(542,913)	
Final dividend paid for 2010		-	-	-	-	-	-	(800,000)	-	(800,000)	
Acquisition of subsidiary		-	-	-	-	-	-	-	(19,387)	(19,387)	
Balance at the end of the period		7,232,143	6,444,647	982,857	(18,071)	1,091,797	2,744,312	-	-	18,477,685	
<u>For the six months period ended June 30, 2010</u>											
Balance at the beginning of the period		7,232,143	5,371,849	982,857	(60,260)	347,251	868,833	990,000	19,107	15,751,780	
Total Comprehensive income for the period		-	-	-	82,897	600,321	1,470,545	-	36	2,153,799	
Final dividend paid for 2009		-	-	-	-	-	-	(990,000)	-	(990,000)	
Balance at the end of the period		7,232,143	5,371,849	982,857	22,637	947,572	2,339,378	-	19,143	16,915,579	

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

BANQUE SAUDI FRANSI
INTERIM CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS
Unaudited



Page 6

SAR '000	Note	For the six months ended	
		Jun 30, 2011	Jun 30, 2010
OPERATING ACTIVITIES			
Net income for the period			
Adjustments to reconcile net income to net cash from /(used in) operating activities:		1,490,183	1,470,581
Accretion of discounts on non trading investments, net		(15,646)	(9,442)
Depreciation and amortization		65,393	61,973
Gain on disposal of property and equipment, net		(187)	(16)
Impairment charge for credit losses, net		45,678	137,859
Share in losses of associates, net		10,197	1,881
Change in fair value of financial instruments		(76)	(47,998)
Operating profit before changes in operating assets and liabilities		1,595,542	1,614,838
Net (increase) / decrease in operating assets:			
Statutory deposit with SAMA		(568,195)	(371,409)
Investments held as FVIS, trading		30,233	(273,944)
Loans and advances		(4,261,518)	(3,735,541)
Other assets		(679,904)	(1,186,634)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		3,021,088	(2,744,133)
Customers' deposits		6,127,128	965,248
Other liabilities		333,790	599,806
Net cash from / (used in) operating activities		5,598,164	(5,131,769)
INVESTING ACTIVITIES			
Proceeds from sales and maturities of non trading investments		21,210,189	16,824,018
Purchase of non trading investments		(24,233,678)	(15,982,100)
Investment in associates and subsidiary		(96,355)	(40,625)
Purchase of property and equipment		(53,410)	(60,128)
Proceeds from sale of property and equipment		325	16
Net cash (used in) / from investing activities		(3,172,929)	741,181
FINANCING ACTIVITIES			
Repayment of term loan		-	(2,437,500)
Proceeds from issuance of debt securities		-	2,437,500
Dividend paid		(800,000)	(990,000)
Net cash (used in) financing activities		(800,000)	(990,000)
Increase / (Decrease) in cash and cash equivalents		1,625,235	(5,380,588)
Cash and cash equivalents at the beginning of the period		11,189,910	15,334,228
Cash and cash equivalents at the end of the period	10	12,815,145	9,953,640
Special commission received during the period		1,785,388	1,747,488
Special commission paid during the period		256,949	330,263
Supplemental non-cash information			
Net changes in fair value and transferred to interim condensed consolidated income statement		326,754	683,218

The accompanying notes 1 to 15 form an integral part of these interim condensed consolidated financial statements.

البنك السعودي الفرنسي
 Banque Saudi Fransi
 ABDUL QADEER MIRZA
 M 002 A

البنك السعودي الفرنسي
 Banque Saudi Fransi
 ABDULRAHMAN A. JAWA
 D.M.D.

1. General

Banque Saudi Fransi (the Bank) is a Saudi Joint Stock Company established by Royal Decree No. M/23 dated Jumada Al Thani 17, 1397H (corresponding to June 4, 1977). The Bank formally commenced its activities on Muharram 1, 1398H (corresponding to December 11, 1977), by taking over the branches of the Banque de l'Indochine et de Suez in the Kingdom of Saudi Arabia. The Bank operates under Commercial Registration Number 1010073368 dated Safar 4, 1410H (corresponding to September 5, 1989), through its 82 branches (June 30, 2010: 79 branches) in the Kingdom of Saudi Arabia, employing 2,668 people (June 30, 2010: 2,499). The objective of the Bank is to provide a full range of banking services, including Islamic products, which are approved and supervised by an independent Shariah Board. The Bank's Head Office is located at Al Maa'ther Street, P.O. Box 56006, Riyadh 11554, Kingdom of Saudi Arabia.

The Bank owns subsidiaries, Fransi Tadawul Company (99% direct share in equity and 1% indirect share beneficially held by a director of the Bank) engaged in brokerage business and CAAM Saudi Fransi (100% share in equity, from 60% share previously) engaged in asset management business. During 2011, the Bank acquired additional shareholding in CAAM Saudi Fransi 40% and Calyon Saudi Fransi 55% (previously an associate with 45% share in equity) to achieve 100% shareholding in companies. Subsequent to the acquisition, the Bank has decided to merge operations of CAAM Saudi Fransi and Calyon Saudi Fransi into Fransi Tadawul Company, which is in the process of being renamed Saudi Fransi Capital and will provide the full array of financial services. The Bank also owns Saudi Fransi Insurance Agency (SAFIA) having 100% share in equity. The Company has commenced its commercial operations of insurance brokerage in the month of January 2011. These subsidiaries are incorporated in the Kingdom of Saudi Arabia.

The Bank has investments in associates and owns 27% shareholding in Banque BEMO Saudi Fransi, incorporated in Syria, 50% shareholding in InSaudi Insurance Company incorporated in the Kingdom of Bahrain, 32.5% shareholding in Saudi Fransi Corporative Insurance Company (Allianz Saudi Fransi) and 50% in Sofinco Saudi Fransi incorporated in the Kingdom of Saudi Arabia.

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 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 do not include all information and disclosures required for the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements for the year ended December 31, 2010.

The accounting policies used in the preparation of these interim condensed consolidated financial statements are consistent with those of the annual consolidated financial statements for the year ended December 31, 2010 as described in the annual consolidated financial statements for the year ended December 31, 2010 except for the adoption of amendments to the existing standards as mentioned below which has had no financial impact on the financial statements of the Bank:

- IAS 24 Related Party Disclosures (revised 2009)

The revised IAS 24 Related Party Disclosures amends the definition of a related party and modifies certain related party disclosure requirements for government-related entities

- Improvements to IFRSs 2010 – IFRS 7 Financial Instruments: Disclosures

The amendments add an explicit statement that qualitative disclosure should be made in the context of the quantitative disclosures to better enable users to evaluate an entity's exposure to risks arising from financial instruments. In addition, the IASB amended and removed existing disclosure requirements.

2. Basis of preparation (continued)

- Improvements to IFRSs 2010 – IAS 1 Presentation of Financial Statements

IAS 1 is amended to clarify that disaggregation of changes in each component of equity arising from transactions recognised in other comprehensive income also is required to be presented, but is permitted to be presented either in the statement of changes in equity or in the notes.

- Improvements to IFRSs 2010 – IAS 34 Interim Financial Reporting

These amendments emphasis the principle in IAS 34 that the disclosure about significant events and transactions in interim periods should update the relevant information presented in the most recent annual financial report and clarifies how to apply this principle in respect of financial instruments and their fair values. The amendments add examples to the list of events or transactions that require disclosure under IAS 34 and remove references to materiality in IAS 34 that describes other minimum disclosures.

Other amendments resulting from the improvements to the IFRSs to the following standards did not have any material impact on the accounting policies, financial position and performance of the Group:

- IFRS 3
- IFRS 7
- IAS 1
- IAS 27
- IAS 32

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

Basis of consolidation

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries; Fransi Tadawul, CAAM Saudi Fransi and Calyon Saudi Fransi. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank, using consistent accounting policies. Adjustments have been made wherever necessary in the financial statements of the subsidiaries to align with the Bank's interim condensed consolidated financial statements.

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. In assessing control, potential voting rights that presently are exercisable are taken into account.

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 interim condensed consolidated income statement from the effective date of the acquisition or up to the effective date of disposal, as appropriate.

Non controlling interest represents the portion of net income and net assets not owned, directly or indirectly, by the Bank in its subsidiary and are presented separately in the interim condensed consolidated income statement and within equity in the interim condensed consolidated statement of financial position, separately from the equity attributable to equity holders of the Bank.

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

3. Investments, net

Investment securities are classified as follows:

SAR '000	Jun 30, 2011 (Unaudited)	Dec 31, 2010 (Audited)	Jun 30, 2010 (Unaudited)
Held as FVIS	1,240,825	1,271,058	1,033,758
Available for sale	6,205,834	6,721,503	5,956,547
Held to maturity	1,410,993	1,423,179	1,937,222
Other investments held at amortised cost	14,010,272	10,424,975	8,066,146
Total	22,867,924	19,840,715	16,993,673

Investments held as FVIS represent investments held for trading.

4. Loans and advances, net

SAR'000	30-Jun-11 (Unaudited)	31-Dec-10 (Audited)	30-Jun-10 (Unaudited)
Consumer loans	8,756,079	7,342,665	6,803,254
Commercial loans and overdrafts	69,888,363	67,148,674	68,881,509
Credit cards	622,226	558,214	517,974
Others	6,330,786	6,404,096	6,023,062
Performing loans and advances	85,597,454	81,453,649	82,225,799
Nonperforming loans and advances	1,079,992	1,015,855	1,055,983
Gross loans and advances	86,677,446	82,469,504	83,281,782
Allowance for impairment	(1,476,955)	(1,492,917)	(1,345,890)
Loans and advances, net	85,200,491	80,976,587	81,935,892

5. Investment in associates

SAR '000	Jun 30, 2011 (Unaudited)	Dec 31, 2010 (Audited)	Jun 30, 2010 (Unaudited)
Cost	205,925	201,439	201,439
Share of loss, net	(24,786)	(15,811)	(18,351)
Total	181,139	185,628	183,088

6. Customers' deposits

SAR'000	30-Jun-11 (Unaudited)	31-Dec-10 (Audited)	30-Jun-10 (Unaudited)
Demand	50,062,175	43,231,502	39,662,413
Saving	448,311	367,250	373,283
Time	45,563,429	46,736,743	49,620,105
Other	3,633,844	3,193,756	2,570,936
Total	99,707,759	93,529,251	92,226,737

7. Debt securities

During 2010, the Bank issued USD 650 Million in 5 year non-convertible and unsecured fixed rate bonds, under its USD 2 Billion Euro Medium Term Note programme which is listed on the London Stock Exchange. The bonds pay a semi-annual coupon of 4.25% and are to be used for general banking purposes.

8. Derivatives

The table below sets out the positive and negative fair values of derivative financial instruments held, together with their notional amounts. The notional amounts, which provide an indication of the volumes of the transactions outstanding at the end of 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 to market risk.

Derivative financial instruments SAR '000	Jun 30, 2011 (Unaudited)			Dec 31, 2010 (Audited)			Jun 30, 2010 (Unaudited)		
	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									
Special commission rate swaps	4,644,398	4,404,670	194,358,655	4,113,905	3,782,013	183,858,985	4,715,066	4,305,437	188,854,140
Special commission rate futures and options	3,679	3,619	17,464,910	7,166	2,493	15,148,554	7,960	4,356	15,233,415
Forward rate agreements	-	-	-	743	485	1,137,500	-	831	1,137,500
Forward foreign exchange contracts	145,958	140,448	68,211,043	109,354	133,490	61,056,389	185,952	236,796	73,409,039
Currency options	18,166	-	44,152,452	14,608	101	8,142,464	84,964	23,626	19,294,951
Others	6,063	-	1,380,410	2,866	-	718,472	4,431	-	1,072,857
Held as fair value hedges									
Special commission rate swaps	202,200	65,040	7,844,316	180,429	77,118	8,332,341	181,517	114,910	5,815,352
Held as cash flow hedges									
Special commission rate swaps	1,489,815	-	32,067,020	1,125,871	33,002	30,454,229	1,334,878	-	29,967,450
Total	6,510,279	4,613,777	365,478,806	5,554,942	4,028,702	308,848,934	6,514,768	4,685,956	334,784,704
Value of netting arrangements	(1,660,520)	(1,660,520)	(69,656,530)	(1,300,700)	(1,300,700)	(67,266,810)	(1,470,888)	(1,470,888)	(66,747,238)
Total after netting	4,849,759	2,953,257	295,822,276	4,254,242	2,728,002	241,582,124	5,043,880	3,215,068	268,037,466

Special commission rate swaps include the notional amount of SAR 69,657 million (December 31, 2010: SAR 67,267 million and, June 30, 2010: SAR 66,747 million), with an aggregate positive fair value and a negative fair value of SAR 1,661 million (December 31, 2010: SAR 1,301 million and June 30, 2010: SAR 1,471 million) which are netted off for credit exposure purposes, as the Bank intends to settle these on a net basis.

9. Credit related commitments and contingencies

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

SAR '000	June 30, 2011 (Unaudited)	Dec 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Letters of credit	14,883,321	12,101,939	11,839,191
Letters of guarantee	36,097,150	36,011,306	35,469,471
Acceptances	2,570,573	2,098,961	2,383,841
Irrevocable commitments to extend credit	5,160,152	4,791,968	2,042,451
Total	58,711,196	55,004,174	51,734,954

10. Cash and cash equivalents

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

SAR '000	June 30, 2011 (Unaudited)	Dec 31, 2010 (Audited)	June 30, 2010 (Unaudited)
Cash and balances with SAMA excluding statutory deposit	3,768,594	5,998,293	4,110,600
Due from banks and other financial institutions maturing within three months from the date of acquisition	9,046,551	5,191,617	5,843,040
Total	12,815,145	11,189,910	9,953,640

11. Segment information

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 chief decision maker in order to allocate resources to the segments and to assess its performance.

Transactions between operating segments are approved by the management as per agreed terms and are reported according to the Bank's internal transfer pricing policy. These terms are in line with normal commercial terms and conditions. The revenue from external parties report to the Board is measured in a manner consistent with that in the consolidated income statement.

There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since 31 December 2010.

The Bank is organised into the following main operating segments:

Retail banking – incorporates private and small establishment customers' demand accounts, overdrafts, loans, saving accounts, deposits, credit and debit cards, consumer loans, and certain forex products.

Corporate banking – incorporates corporate and medium establishment customers' demand accounts, deposits, overdrafts, loans and other credit facilities and derivative products.

Treasury – incorporates treasury services, trading activities, investment securities, money market, Bank's funding operations and derivative products.

Investment banking and brokerage – incorporates investment management services and asset management activities related to dealing, managing, arranging, advising and custody of securities, retail investments products, international and local shares brokerage services, insurance brokerage and corporate financial advisory services.

The Bank's total assets and liabilities as at June 30, 2011 and 2010, together with total operating income, total operating expenses and net income for the six months then ended, by operating segments, are as follows:

11. Segment information (Continued)

(Unaudited) SAR '000"	Retail banking	Corporate banking	Treasury	Investment banking and brokerage	Total
June 30, 2011					
Total assets	14,816,366	74,774,481	43,890,414	256,813	133,738,074
Total liabilities	44,247,753	55,647,349	15,146,074	219,213	115,260,389
Total operating income	749,180	1,073,743	388,232	101,785	2,312,940
Total operating expenses	500,608	151,411	102,381	58,160	812,560
Share in losses of associates, net	-	-	(10,197)	-	(10,197)
Net income for the period	248,572	922,332	275,654	43,625	1,490,183
Impairment charges for credit losses, net	60,618	(14,940)	-	-	45,678
June 30, 2010					
Total assets	13,577,860	73,577,308	33,390,874	16,023	120,562,065
Total liabilities	39,055,664	54,073,017	10,489,374	28,431	103,646,486
Total operating income	678,861	1,007,827	472,079	67,889	2,226,656
Total operating expenses	413,209	216,868	74,043	50,074	754,194
Share in losses of associates, net	-	-	(1,881)	-	(1,881)
Net income for the period	265,652	790,959	396,155	17,815	1,470,581
Non controlling interest -(income)	-	-	-	(36)	(36)
Impairment charges for credit losses, net	77,874	59,985	-	-	137,859

12. Earnings per share

Basic and diluted earnings per share for the periods ended June 30, 2011 and 2010 are calculated by dividing the net income for the period attributable to equity holders' of the Bank by 723.2 million outstanding shares.

13. Interim dividend and statutory reserve

The Board of Directors has declared interim gross dividend for the six months period ended June 30, 2011 of SAR 543 million (June 30, 2010: SAR Nil million) which is included in other liabilities.

The Saudi Arabian Banking Control Law requires a minimum of 25% of the net income to be transferred to the statutory reserve before declaration of any distribution of profits until this reserve equals paid up capital of the Bank. Accordingly, an amount of SAR 373 million (June 30, 2010: Nil million) has been transferred to the statutory reserve

14. Comparative figures

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

15. Capital Adequacy

- a) 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.

	June 30, 2011 (Unaudited)	June 30, 2010 (Unaudited)
Total capital ratio	14.36%	13.74%
Tier1 capital ratio	12.68%	12.01%

- b) Certain additional quantitative disclosures are required under Basel II Pillar 3. These disclosures will be published on the Bank's website (www.Alfransi.com.sa) within 60 business days after June 30, 2011 as required by SAMA.