

**ALINMA BANK**  
**(A Saudi Joint Stock Company)**

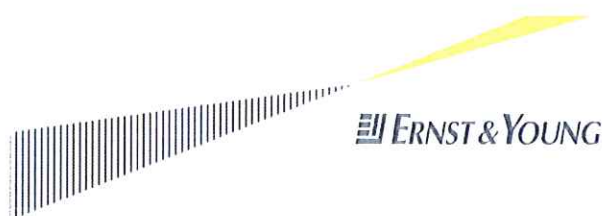
**INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(UNAUDITED)**

**FOR THE NINE MONTHS PERIOD ENDED**  
**SEPTEMBER 30, 2011**

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**REPORT ON REVIEW OF  
INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**TO: THE SHAREHOLDERS OF ALINMA BANK  
(A Saudi Joint Stock Company)**

**Introduction**

We have reviewed the accompanying interim consolidated statement of financial position of Alinma Bank and its subsidiaries (collectively referred to as “the Bank”) as of September 30, 2011, and the related interim consolidated statement of comprehensive income for the three-month and nine-month periods ended September 30, 2011, and the interim consolidated statements of changes in equity and cash flows for the nine-month period then ended and the notes from (1) to (13). 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.

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### 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

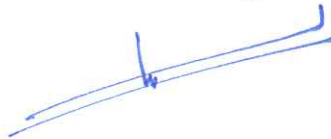
As required by SAMA, certain capital adequacy information have been disclosed in note (11) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (11) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

### PricewaterhouseCoopers



Mohammed A. Al Obaidi  
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Riyadh Dhul-Qada 28, 1432H  
(October 26, 2011)



INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	September 30, 2011 (Unaudited) SAR'000	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
<b>ASSETS</b>				
Cash and balances with Saudi Arabian Monetary Agency ("SAMA")		1,241,425	657,593	578,061
Due from banks and other financial institutions		3,712,067	5,803,317	5,201,070
Investments	4	2,391,645	2,623,589	2,499,785
Financing, net	5	24,063,575	15,593,250	13,754,906
Property and equipment, net		1,293,168	1,193,195	1,083,013
Other assets		1,297,365	797,793	656,901
<b>Total assets</b>		<b>33,999,245</b>	<b>26,668,737</b>	<b>23,773,736</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>Liabilities</b>				
Due to banks and other financial institutions		1,752,615	2,254,016	950,000
Customer deposits	6	15,850,535	8,315,878	6,786,719
Other liabilities		494,583	478,291	483,260
<b>Total liabilities</b>		<b>18,097,733</b>	<b>11,048,185</b>	<b>8,219,979</b>
<b>Shareholders' equity</b>				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		155,135	155,135	151,335
Net change in fair value of available for sale investments		(14,056)	11	-
Retained earnings		760,433	465,406	402,422
<b>Total shareholders' equity</b>		<b>15,901,512</b>	<b>15,620,552</b>	<b>15,553,757</b>
<b>Total liabilities and shareholders' equity</b>		<b>33,999,245</b>	<b>26,668,737</b>	<b>23,773,736</b>

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME (Unaudited)

	<u>For the three months</u>		<u>For the nine months ended</u>	
	<u>ended</u>		<u>September</u>	<u>September</u>
	<u>September</u>	<u>September</u>	<u>30, 2011</u>	<u>30, 2010</u>
Note	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Income from investments and financing	325,699	197,642	881,684	433,075
Return on time investments	(17,492)	(9,616)	(50,928)	(16,706)
<b>Net income from investments and financing activities</b>	<b>308,207</b>	<b>188,026</b>	<b>830,756</b>	<b>416,369</b>
Fees from banking services, net	19,069	4,491	56,313	23,422
Exchange income	4,034	907	7,377	4,026
Loss from FVIS financial instruments	(1,095)	-	(698)	-
Dividend income	1,952	-	5,098	-
Other operating income	85	563	2,368	3,836
<b>Total operating income</b>	<b>332,252</b>	<b>193,987</b>	<b>901,214</b>	<b>447,653</b>
Salaries and employee-related expenses	107,215	73,945	325,260	252,808
Rent and premises- related expenses	17,175	13,096	47,326	33,301
Depreciation and amortization	32,380	27,431	90,352	74,102
Other general and administrative expenses	47,546	59,303	130,578	139,026
Impairment charge for financing	5,636	-	12,671	-
<b>Total operating expenses</b>	<b>209,952</b>	<b>173,775</b>	<b>606,187</b>	<b>499,237</b>
<b>Net income/(loss) for the period</b>	<b>122,300</b>	<b>20,212</b>	<b>295,027</b>	<b>(51,584)</b>
Other comprehensive income	(22,079)	-	(14,067)	-
<b>Total comprehensive income/(loss) for the period</b>	<b>100,221</b>	<b>20,212</b>	<b>280,960</b>	<b>(51,584)</b>
<b>Basic and diluted earnings/(loss) per share (SAR)</b>	<b>10</b>	<b>0.08</b>	<b>0.01</b>	<b>0.20</b>
				<b>(0.03)</b>

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.

**ALINMA BANK**  
**(A Saudi Joint Stock Company)**

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**  
**(Unaudited)**

**FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30,**

	SAR'000				
2011	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Retained earnings	Total
Balance at the beginning of the period	15,000,000	155,135	11	465,406	15,620,552
Total comprehensive income for the period	-	-	(14,067)	295,027	280,960
Balance at the end of the period	15,000,000	155,135	(14,056)	760,433	15,901,512

	SAR'000				
2010	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Retained earnings	Total
Balance at the beginning of the period	15,000,000	151,335	-	454,006	15,605,341
Total comprehensive loss for the period	-	-	-	(51,584)	(51,584)
Balance at the end of the period	15,000,000	151,335	-	402,422	15,553,757

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.



**INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30,**

	2011	2010
Note	<u>SAR'000</u>	<u>SAR'000</u>
<b>OPERATING ACTIVITIES</b>		
Net income/(loss) for the period	295,027	(51,584)
<b>Adjustments to reconcile net income /(loss) to net cash used in operating activities:</b>		
Depreciation and amortization	90,352	74,102
Impairment charge for financing	12,671	-
	<u>398,050</u>	<u>22,518</u>
<b>Net (increase)/decrease in operating assets:</b>		
Statutory deposit with SAMA	(400,087)	(254,152)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition	1,607,478	(2,653,089)
Investments	217,877	(1,499,644)
Financing	(8,482,961)	(12,628,515)
Other assets	(499,607)	(606,712)
<b>Net increase/(decrease) in operating liabilities:</b>		
Due to banks and other financial institutions	(501,401)	950,000
Customers deposits	7,534,657	5,285,579
Other liabilities	16,291	283,348
<b>Net cash used in operating activities</b>	<u>(109,703)</u>	<u>(11,100,667)</u>
<b>INVESTING ACTIVITIES</b>		
Acquisition of property and equipment	(190,324)	(234,916)
<b>Net cash used in investing activities</b>	<u>(190,324)</u>	<u>(234,916)</u>
<b>Net decrease in cash and cash equivalents</b>	<b>(300,027)</b>	<b>(11,335,583)</b>
Cash and cash equivalents at beginning of the period	1,324,746	12,130,385
<b>Cash and cash equivalents at end of the period</b>	<b>8 1,024,719</b>	<b>794,802</b>
<b>Income received from investments and financing activities</b>	<u>790,596</u>	<u>266,286</u>
<b>Return paid on time investments</b>	<u>37,946</u>	<u>10,397</u>
<b>Supplemental non-cash information</b>		
Net change in fair value of available for sale investments	<u>(14,067)</u>	<u>-</u>

The accompanying notes from 1 to 13 form an integral part of these interim condensed consolidated financial statements.



**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)  
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2011**

**1. General**

**a) Incorporation**

Alinma Bank, a Saudi Joint Stock Company, was formed and licensed pursuant to Royal Decree No. M/15 dated 28 Safar 1427H (corresponding to March 28, 2006), in accordance with the Council of Ministers' Resolution No. 42 dated 27 Safar 1427H (corresponding to March 27, 2006). The Bank operates under Ministerial Resolution No.173 and Commercial Registration No. 1010250808 both dated 21/05/1429H (corresponding to May 26, 2008) and providing banking services through 34 branches (September 30, 2010: 15) in the Kingdom of Saudi Arabia. The address of the Bank's head office is as follows:

Alinma Bank  
Head Office-Building  
King Fahad Road  
P.O. Box 66674  
Riyadh 11586  
Kingdom of Saudi Arabia

The interim condensed consolidated financial statements comprise the financial statements of the Bank and its following subsidiaries (the "Bank"):

<b>Subsidiaries</b>	<b>Bank's Ownership</b>	<b>Establishment date</b>
Alinma Investment Company	99.96 %	07 Jumada II 1430 H (corresponding to May 31, 2009 )
Al-Tanweer Real Estate Company	98.00 %	24 Sha'aban 1430 H (corresponding to August 15, 2009 )

The Bank aims to provide full range of banking and investment services through Shariah compliant products.

**b) Shariah Board**

The Bank has established a Shariah Board in accordance with its commitment to comply with Islamic Shariah laws. Shariah Board ascertains that all the Bank's activities are subject to its approval and control.

**2. Basis of preparation**

The 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 of the Bank as of and for the financial year ended December 31, 2010.



**a) Statement of compliance**

These interim condensed consolidated financial statements have been prepared:

- i) in accordance with the Accounting Standards for Financial Institutions promulgated by the Saudi Arabian Monetary Agency (“SAMA”) and International Accounting Standard No. 34 – Interim Financial Reporting; and
- ii) in compliance with the provisions of Banking Control Law, the Regulations for Companies in the Kingdom of Saudi Arabia and the Articles of Association of the Bank.

**b) Basis of measurement**

These interim condensed consolidated financial statements are prepared based on the historical cost convention except for the measurement at fair value of available for sale and FVIS investments.

**c) Functional and presentation currency**

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (“SAR”) which is Bank’s functional currency. Except as indicated, financial information presented in SAR has been rounded off to the nearest thousands.

**d) Basis of consolidation**

These interim condensed consolidated financial statements comprise the financial statements of the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank.

Subsidiaries are the entities over which the Bank has the power to govern the financial and operating policies, so as to obtain economic benefits from its activities, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are consolidated from the date on which control is transferred to the Bank 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 consolidated statement of comprehensive income from the effective date of acquisition or up to the effective date of disposal, as appropriate.

These interim condensed consolidated financial statements have been prepared using uniform accounting policies and valuation methods for like transactions and other events in similar circumstances. The accounting policies adopted by the subsidiaries are consistent with that of Bank’s accounting policies. Adjustments, if any, are made to the financial statements of the subsidiaries to align with the Bank’s financial statements.

Non controlling interests represent the portion of net results and net assets attributable to interests which are not owned, directly or indirectly, by the Bank in its subsidiaries. As at September 30, 2011 non controlling interests in the subsidiaries are immaterial and are owned by representative shareholders of the Bank, to meet regulatory requirements, and hence not presented separately in the interim consolidated statement of comprehensive income and within shareholders’ equity in the interim consolidated statement of financial position.

Inter-company balances and any income and expenses arising from inter-company transactions, are eliminated in preparing these interim condensed consolidated financial statements.

**3. Summary of significant accounting policies**

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those disclosed with the annual consolidated financial statements for the year ended December 31, 2010.

The amendments to and new International Financial Reporting Standards that are applicable during 2011 were not relevant to the Bank and therefore have no material impact on these interim condensed consolidated financial statements.

The Bank has chosen not to early adopt the amendments and revisions to the International Financial Reporting Standards which have been published and are mandatory for compliance with effect from future dates.

Other than IFRS 9 (Financial Instruments) and IFRS 10 (consolidation), the amendments to or new IFRS applicable from 2012 onwards are also not expected to have any significant impact on the Bank's consolidated financial statements except for some additional disclosures. The evaluation of the impacts of IFRS 9 & 10 on Bank's consolidated financial statements is in process.

#### 4. Investments

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
Murabahas with SAMA, (at amortized cost)	<b>1,999,907</b>	2,549,776	2,499,785
Available for sale	<b>309,940</b>	73,813	-
Held as FVIS	<b>24,298</b>	-	-
Investment in associate	<b>57,500</b>	-	-
<b>Total</b>	<b>2,391,645</b>	2,623,589	2,499,785

#### 5. Financing, net

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
Consumer	<b>4,044,432</b>	1,778,609	1,252,479
Commercial	<b>20,030,495</b>	13,817,641	12,502,427
Performing financing	<b>24,074,927</b>	15,596,250	13,754,906
Non performing financing	<b>4,284</b>	-	-
Total financing-gross	<b>24,079,211</b>	15,596,250	13,754,906
Allowances for impairment	<b>(15,636)</b>	(3,000)	-
<b>Total</b>	<b>24,063,575</b>	15,593,250	13,754,906

#### 6. Customer deposits

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
Demand deposits	<b>7,569,299</b>	3,948,270	3,224,860
Customer time investments	<b>5,746,367</b>	4,180,372	2,779,769
Margin deposit	<b>2,534,869</b>	187,236	782,090
<b>Total</b>	<b>15,850,535</b>	8,315,878	6,786,719

## 7. Credit related commitments and contingencies

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

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
Letters of credit	<b>3,895,551</b>	1,382,114	1,251,696
Letters of guarantee	<b>3,745,238</b>	3,464,247	2,310,455
Acceptances	<b>110,873</b>	156,550	187,704
<b>Total</b>	<b><u>7,751,662</u></b>	<u>5,002,911</u>	<u>3,749,855</u>

## 8. Cash and cash equivalents

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

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
Cash in hand	<b>341,542</b>	158,867	145,684
Balances with SAMA excluding statutory deposit	<b>6,130</b>	5,060	106,673
Murabaha with SAMA and due from banks and other financial institutions maturing within ninety days from the date of acquisition	<b>677,047</b>	1,160,819	542,445
<b>Total</b>	<b><u>1,024,719</u></b>	<u>1,324,746</u>	<u>794,802</u>

## 9. Segment information

Operating segments are identified on the basis of internal reports about activities of the Bank that are regularly reviewed by the chief operating decision makers, comprising CEO as well as the Assets and Liabilities Committee, in order to allocate resources to the segments and to assess its performance.

The Bank's primary business is conducted in Saudi Arabia. Transactions between the operating segments are on terms as approved by the management. Majority of the segment assets and liabilities comprise operating assets and liabilities.

The Bank's reportable segments are as follows:

### a) Retail banking

Financing, deposits and other products/ services for individuals and small to medium sized businesses.

### b) Corporate banking

Financing, deposits and other products /services for corporate and institutional customers.

### c) Treasury

Murabahas with banks, equity investments and treasury services.

**d) Investment and brokerage**

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

**e) Others**

Includes head office (as custodian of capital), common assets, liabilities and expenses use which do not constitute a separately reportable segment.

Profit is charged or credited to operating segments using internally developed Fund Transfer Pricing (FTP) rates which approximate the marginal cost of funds.

Following is an analysis of the Bank's total assets, total liabilities as at September 30, and operating income, operating expenses and net income for the nine months period ended September 30 by operating segments:

SAR'000	September 30, 2011 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
<b>Total assets</b>	<b>4,505,534</b>	<b>20,022,196</b>	<b>6,619,680</b>	<b>332,392</b>	<b>2,519,443</b>	<b>33,999,245</b>
<b>Total liabilities</b>	<b>7,941,000</b>	<b>4,673,220</b>	<b>5,050,637</b>	<b>156,342</b>	<b>276,534</b>	<b>18,097,733</b>
Net income from investments and financing	171,793	359,498	135,778	374	163,313	830,756
Fees from banking services and other income	18,112	29,527	10,994	9,468	2,357	70,458
<b>Total operating income</b>	<b>189,905</b>	<b>389,025</b>	<b>146,772</b>	<b>9,842</b>	<b>165,670</b>	<b>901,214</b>
Impairment charge for financing	3,623	9,048	-	-	-	12,671
Depreciation and amortization	20,438	-	-	-	69,914	90,352
Other operating expenses	178,212	22,213	11,494	28,082	263,163	503,164
<b>Total operating expenses</b>	<b>202,273</b>	<b>31,261</b>	<b>11,494</b>	<b>28,082</b>	<b>333,077</b>	<b>606,187</b>
<b>Net income /(loss) for the period</b>	<b>(12,368)</b>	<b>357,764</b>	<b>135,278</b>	<b>(18,240)</b>	<b>(167,407)</b>	<b>295,027</b>

SAR'000	September 30, 2010 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
<b>Total assets</b>	<b>1,469,813</b>	<b>12,488,994</b>	<b>7,932,890</b>	<b>201,127</b>	<b>1,680,912</b>	<b>23,773,736</b>
<b>Total liabilities</b>	<b>4,282,325</b>	<b>1,585,720</b>	<b>2,091,105</b>	<b>49,830</b>	<b>210,999</b>	<b>8,219,979</b>
Net income from investments and financing	25,869	214,332	98,127	1,095	76,946	416,369
Fees from banking services and other income	6,082	17,671	3,696	-	3,835	31,284
<b>Total operating income</b>	<b>31,951</b>	<b>232,003</b>	<b>101,823</b>	<b>1,095</b>	<b>80,781</b>	<b>447,653</b>
Impairment charge for financing	-	-	-	-	-	-
Depreciation and amortization	12,204	-	-	-	61,898	74,102
Other operating expenses	120,289	24,672	13,742	24,581	241,851	425,135
<b>Total operating expenses</b>	<b>132,493</b>	<b>24,672</b>	<b>13,742</b>	<b>24,581</b>	<b>303,749</b>	<b>499,237</b>
<b>Net income /(loss) for the period</b>	<b>(100,542)</b>	<b>207,331</b>	<b>88,081</b>	<b>(23,486)</b>	<b>(222,968)</b>	<b>(51,584)</b>

## 10. Earnings / (loss) per share

Basic and diluted earnings / (loss) per share are calculated by dividing the net income/ (loss) by the weighted average number of outstanding shares which were 1,500 million shares at the period end.

## 11. Capital adequacy

The Bank maintains an actively managed capital base to cover risks inherent in its business. 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.

The Bank monitors the adequacy of its capital using ratios established by SAMA at or above the prescribed minimum of 8%. These ratios measure capital adequacy by comparing the Bank's eligible capital with its statement of financial position assets, commitments and notional amount of derivatives at a weighted amount to reflect their relative risk.

	<b>September 30, 2011 (Unaudited) SAR'000</b>	December 31, 2010 (Audited) SAR'000	September 30, 2010 (Unaudited) SAR'000
<b>Credit Risk Weighted Assets</b>	<b>25,742,969</b>	17,399,032	15,557,165
<b>Operational Risk Weighted Assets</b>	<b>1,415,333</b>	1,334,369	1,709,915
<b>Market Risk Weighted Assets</b>	<b>1,201,851</b>	2,059,997	1,942,039
<b>Total Pillar-I Weighted Assets</b>	<b>28,360,153</b>	20,793,398	19,209,119
<b>Tier I Capital</b>	<b>15,620,541</b>	15,620,541	15,553,757
<b>Tier II Capital</b>	<b>301,173</b>	3,006	-
<b>Total Tier I &amp; II Capital</b>	<b>15,921,714</b>	15,623,547	15,553,757
<b>Capital Adequacy Ratio %</b>			
<b>Tier I ratio</b>	<b>55%</b>	75%	81%
<b>Tier I + Tier II ratio</b>	<b>56%</b>	75%	81%

## 12. Approval of the financial statements

These interim condensed consolidated financial statements were approved on 10 Dhul Qa'da 1432H (corresponding to Oct 08, 2011).

## 13. Comparative Figures

Comparative figures have been reclassified wherever necessary to facilitate comparison.