

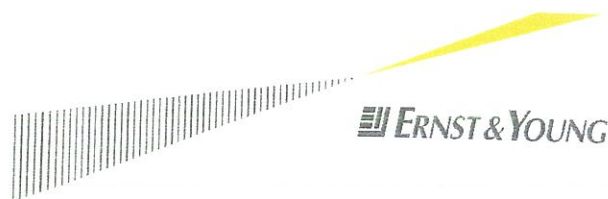
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**ALINMA BANK**  
**(A Saudi Joint Stock Company)**

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

**FOR THE THREE MONTHS PERIOD ENDED**  
**MARCH 31, 2012**

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Kingdom of Saudi Arabia

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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 (the "Bank") as of March 31, 2012, and the related interim consolidated statements of comprehensive income, changes in shareholders' equity, cash flows and the notes from (1) to (13) for the three months period then ended. 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 has 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  
Registration No. 367

### Ernst & Young



Rashid S. Al Rashoud  
Registration No. 366

April 28, 2012  
(7 Jumada II, 1433H)





ALINMA BANK  
(A Saudi Joint Stock Company)

**INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

	Note	March 31, 2012 (Unaudited) SAR'000	December 31, 2011 (Audited) SAR'000	March 31, 2011 (Unaudited) SAR'000
<b>ASSETS</b>				
Cash and balances with Saudi Arabian Monetary Agency ("SAMA")		2,761,124	1,412,781	815,623
Due from banks and other financial institutions		4,323,759	4,003,328	3,472,340
Investments	4	2,323,497	3,428,281	2,935,157
Financing, net	5	27,606,942	25,258,534	20,377,732
Property and equipment, net		1,390,426	1,379,245	1,219,651
Other assets		1,466,399	1,301,197	787,735
<b>Total assets</b>		<b>39,872,147</b>	<b>36,783,366</b>	<b>29,608,238</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
<b>LIABILITIES</b>				
Due to banks and other financial institutions		1,603,129	2,442,876	1,965,000
Customers' deposits	6	21,329,311	17,776,284	11,314,131
Other liabilities		859,790	670,185	787,322
<b>Total liabilities</b>		<b>23,792,230</b>	<b>20,889,345</b>	<b>14,066,453</b>
<b>SHAREHOLDERS' EQUITY</b>				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		262,969	262,969	155,135
Net change in fair value of available for sale investments		32,179	(3,233)	1,016
Retained earnings		939,390	788,906	535,634
Treasury shares		(154,621)	(154,621)	(150,000)
<b>Total shareholders' equity</b>		<b>16,079,917</b>	<b>15,894,021</b>	<b>15,541,785</b>
<b>Total liabilities and shareholders' equity</b>		<b>39,872,147</b>	<b>36,783,366</b>	<b>29,608,238</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 COMPREHENSIVE INCOME (Unaudited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	Note	2012 SAR'000	2011 SAR'000
Income from investments and financing		353,582	235,186
Return on time investments		(23,221)	(16,004)
<b>Net income from investments and financing activities</b>		<b>330,361</b>	<b>219,182</b>
Fees from banking services, net		35,636	36,030
Exchange income, net		5,254	1,839
Income from FVIS financial instruments, net		4,140	-
Gain on sale of available for sale investments		14,930	-
Dividend income		2,742	2,651
Other operating income		21	2,010
<b>Total operating income</b>		<b>393,084</b>	<b>261,712</b>
Salaries and employee related expenses		115,085	110,138
Rent and premises related expenses		17,262	14,897
Depreciation and amortization		34,928	27,789
Other general and administrative expenses		58,450	36,660
Charge for impairment on financing		16,875	2,000
<b>Total operating expenses</b>		<b>242,600</b>	<b>191,484</b>
<b>Net income for the period</b>		<b>150,484</b>	<b>70,228</b>
Other comprehensive income			
Net change in fair value of available for sale investments		50,342	1,005
Net amount realized on available for sale investments		(14,930)	-
<b>Total comprehensive income for the period</b>		<b>185,896</b>	<b>71,233</b>
<b>Basic and diluted earnings per share (SAR)</b>	10	<b>0.10</b>	<b>0.05</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 THREE MONTHS PERIOD ENDED MARCH 31

	SAR'000					
2012	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Retained earnings	Treasury shares	Total
Balance at the beginning of the period	15,000,000	262,969	(3,233)	788,906	(154,621)	15,894,021
Total comprehensive income for the period	-	-	35,412	150,484	-	185,896
Balance at the end of the period	15,000,000	262,969	32,179	939,390	(154,621)	16,079,917

	SAR'000					
2011	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Retained earnings	Treasury Shares	Total
Balance at the beginning of the period	15,000,000	155,135	11	465,406	(120,000)	15,500,552
Total comprehensive income for the period	-	-	1,005	70,228	-	71,233
Net change in Treasury shares	-	-	-	-	(30,000)	(30,000)
Balance at the end of the period	15,000,000	155,135	1,016	535,634	(150,000)	15,541,785

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 CASH FLOWS (Unaudited)  
FOR THE THREE MONTHS PERIOD ENDED MARCH 31

	Note	2012 SAR'000	2011 SAR'000
<b>OPERATING ACTIVITIES</b>			
Net income for the period		150,484	70,228
<b>Adjustments to reconcile net income to net cash from operating activities:</b>			
Depreciation and amortization		34,928	27,789
Income from FVIS financial instruments, net		(4,140)	-
Charge for impairment on financing		16,875	2,000
		<u>198,147</u>	<u>100,017</u>
<b>Net (increase)/decrease in operating assets:</b>			
Statutory deposit with SAMA		(188,734)	(39,184)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		35,150	1,308,797
Investments, net		1,144,336	1,889,327
Financing		(2,365,283)	(4,786,482)
Other assets		(165,202)	(109,254)
<b>Net increase/(decrease) in operating liabilities:</b>			
Due to banks and other financial institutions		(839,747)	(289,016)
Customers deposits		3,553,027	2,998,253
Other liabilities		189,605	309,031
		<u>1,561,299</u>	<u>1,381,489</u>
<b>Net cash from operating activities</b>			
<b>INVESTING ACTIVITIES</b>			
Acquisition of property and equipment		(46,109)	(54,245)
		<u>(46,109)</u>	<u>(54,245)</u>
<b>FINANCING ACTIVITIES</b>			
Purchase of Treasury shares		-	(30,000)
		<u>-</u>	<u>(30,000)</u>
<b>Net cash used in financing activities</b>			
		<u>1,515,190</u>	<u>1,297,244</u>
Cash and cash equivalents at beginning of the period		485,297	1,324,058
		<u>2,000,487</u>	<u>2,621,302</u>
<b>Cash and cash equivalents at end of the period</b>	8	<u>2,000,487</u>	<u>2,621,302</u>
Income received from investments and financing		364,261	208,293
		<u>14,421</u>	<u>17,858</u>
Return paid on time investments			
<b>Supplemental non-cash information</b>			
Net change in fair value and transfers to consolidated income statement		<u>35,412</u>	<u>1,005</u>

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)**

**NOTES TO THE INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**  
**(Unaudited)**  
**FOR THE THREE MONTHS PERIOD ENDED MARCH 31, 2012**

**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 42 branches (March 31, 2011: 25) in the Kingdom of Saudi Arabia. The address of the Bank's head office is as follows:

Alinma Bank  
Head Office  
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):

Subsidiaries	Bank's Ownership	Establishment date
Alinma Investment Company	100 %	07 Jumada II 1430 H (corresponding to May 31, 2009 )
Al-Tanweer Real Estate Company	100 %	24 Sha'aban 1430 H (corresponding to August 15, 2009 )

The Bank's objective is to provide a full range of banking and investment services through products and instruments that are in accordance with Islamic Shariah, the Articles of Association and within the provisions of Banking Control Law.

**b) Shariah Board**

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

**2. Basis of preparation**

These interim condensed consolidated financial statements have been prepared using uniform accounting policies, estimates, judgement and valuation methods for like transactions and other events in similar circumstances as disclosed in the annual consolidated financial statements of the Bank as of and for the financial year ended December 31, 2011. However, these interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Bank as of and for the financial year ended December 31, 2011.



**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**

The consolidated financial statements are prepared under the historical cost convention except for the measurement at fair value of the financial instruments held at fair value through income statements (FVIS) and available for sale (AFS) 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.

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.

Since the subsidiaries are fully owned by the Bank, there is no non-controlling interest to be disclosed.

Intra-group balances and any income and expenses arising from intra-group 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 described in the annual consolidated financial statements for the year ended December 31, 2011.

The amendments to and new International Financial Reporting Standards that are applicable during 2012 were not relevant to the Bank or 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 2013 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 will be carried out in due course.

#### 4. Investments

	<b>March 31, 2012 (Unaudited)</b>	December 31, 2011 (Audited)	March 31, 2011 (Unaudited)
	<b>SAR'000</b>	SAR'000	SAR'000
Murabahas with SAMA, (at amortized cost)	1,549,984	2,649,934	2,699,869
Available for sale	686,433	695,407	235,288
Held as FVIS	29,580	25,440	-
Other investment	57,500	57,500	-
<b>Total</b>	<b>2,323,497</b>	<b>3,428,281</b>	<b>2,935,157</b>

Other investment represents Bank's investment in Tokio Marine Saudi Arabia (a new Shariah compliant insurance company). The Company is under incorporation with an authorized share capital of SAR 200 million.

#### 5. Financing, net

	<b>March 31, 2012 (Unaudited)</b>	December 31, 2011 (Audited)	March 31, 2011 (Unaudited)
	<b>SAR'000</b>	SAR'000	SAR'000
Retail	4,537,133	4,265,804	2,878,053
Corporate	23,146,351	21,110,295	17,504,679
<b>Performing financing</b>	<b>27,683,484</b>	<b>25,376,099</b>	<b>20,382,732</b>
Non performing financing	68,032	10,134	-
<b>Total financing-gross</b>	<b>27,751,516</b>	<b>25,386,233</b>	<b>20,382,732</b>
Allowance for impairment	(144,574)	(127,699)	(5,000)
<b>Financing, net</b>	<b>27,606,942</b>	<b>25,258,534</b>	<b>20,377,732</b>

#### 6. Customers' deposits

	<b>March 31, 2012 (Unaudited)</b>	December 31, 2011 (Audited)	March 31, 2011 (Unaudited)
	<b>SAR'000</b>	SAR'000	SAR'000
Demand deposits	11,105,962	8,961,924	5,471,327
Customers' time investments	8,855,294	7,530,095	5,362,012
Others	1,368,055	1,284,265	480,792
<b>Total</b>	<b>21,329,311</b>	<b>17,776,284</b>	<b>11,314,131</b>

Others represent cash margins for letters of credit and guarantee.



## 7. Credit related commitments and contingencies

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

	<b>March 31, 2012 (Unaudited)</b>	<b>December 31, 2011 (Audited)</b>	<b>March 31, 2011 (Unaudited)</b>
	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>
Letters of credit	2,437,925	2,256,804	1,728,752
Letters of guarantee	3,083,550	3,608,702	3,447,600
Acceptances	99,022	351,933	143,428
Irrevocable commitments to extend credit	1,584,107	1,621,666	-
<b>Total</b>	<b>7,204,604</b>	<b>7,839,105</b>	<b>5,319,780</b>

## 8. Cash and cash equivalents

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

	<b>March 31, 2012 (Unaudited)</b>	<b>December 31, 2011 (Audited)</b>	<b>March 31, 2011 (Unaudited)</b>
	<b>SAR'000</b>	<b>SAR'000</b>	<b>SAR'000</b>
Cash in hand	455,380	359,352	255,633
Balances with SAMA excluding statutory deposit	1,113,532	49,951	27,140
Due from banks and other financial institutions maturing within ninety days from the date of acquisition	431,575	75,994	2,338,529
<b>Total</b>	<b>2,000,487</b>	<b>485,297</b>	<b>2,621,302</b>

## 9. Operating Segments

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, 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), assets, liabilities and expenses in common 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 March 31, its operating income, operating expenses and net income for the three months period then ended by operating segments:

SAR'000	March 31, 2012 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
<b>Total assets</b>	5,202,580	23,044,920	8,429,278	475,658	2,719,711	39,872,147
<b>Total liabilities</b>	11,475,075	4,941,358	6,507,404	295,171	573,222	23,792,230
Net income from investments and financing	78,793	139,260	55,501	86	56,721	330,361
Fees from banking services and other income	7,083	22,930	26,475	6,214	21	62,723
<b>Total operating income</b>	85,876	162,190	81,976	6,300	56,742	393,084
Charge for impairment on financing	16,875	-	-	-	-	16,875
Depreciation and amortization	11,546	-	-	-	23,382	34,928
Other operating expenses	74,541	7,682	3,805	8,372	96,397	190,797
<b>Total operating expenses</b>	102,962	7,682	3,805	8,372	119,779	242,600
<b>Net income /(loss) for the period</b>	(17,086)	154,508	78,171	(2,072)	(63,037)	150,484

SAR'000	March 31, 2011 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
<b>Total assets</b>	3,767,719	17,489,209	6,101,259	342,086	1,907,965	29,608,238
<b>Total liabilities</b>	6,670,066	2,278,947	4,671,279	152,586	293,575	14,066,453
Net income from investments and financing	43,893	75,910	45,811	299	53,269	219,182
Fees from banking services and other income	4,106	29,128	4,210	3,077	2,009	42,530
<b>Total operating income</b>	47,999	105,038	50,021	3,376	55,278	261,712
Charge for impairment on financing	2,000	-	-	-	-	2,000
Depreciation and amortization	5,243	-	-	-	22,546	27,789
Other operating expenses	48,249	7,220	3,828	9,951	92,447	161,695
<b>Total operating expenses</b>	55,492	7,220	3,828	9,951	114,993	191,484
<b>Net income /(loss) for the period</b>	(7,493)	97,818	46,193	(6,575)	(59,715)	70,228

## 10. Earnings per share

Basic and diluted earnings per share are calculated by dividing the net income by the weighted average number of outstanding shares which were 1,485 million at the period end after accounting for treasury shares.

## 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.

	March 31, 2012 (Unaudited) SAR'000	December 31, 2011 (Audited) SAR'000	March 31, 2011 (Unaudited) SAR'000
Credit Risk Weighted Assets	34,793,185	32,345,614	21,662,154
Operational Risk Weighted Assets	1,881,673	1,733,049	993,380
Market Risk Weighted Assets	2,217,235	2,216,522	1,344,650
<b>Total Pillar-I Risk Weighted Assets</b>	<b>38,892,093</b>	<b>36,295,185</b>	<b>24,000,184</b>
Tier I Capital	15,897,254	15,897,254	15,470,541
Tier II Capital	290,115	118,699	74,528
<b>Total Tier I &amp; II Capital</b>	<b>16,187,369</b>	<b>16,015,953</b>	<b>15,545,069</b>
Capital Adequacy Ratio %			
Tier I ratio	41%	44%	64%
Tier I + Tier II ratio	42%	44%	65%

## 12. Comparative Figures

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

## 13. Approval of the financial statements

These interim condensed consolidated financial statements were approved on 15 Jumada I 1433H (corresponding to April 7, 2012).