ALINMA BANK
(A Saudi Joint Stock Company)

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD FROM MAY 26, 2008
(DATE OF MINISTERIAL RESOLUTION)
TO DECEMBER 31, 2009

PRICEWATERHOUSECOOPERS

P.O. Box 8282
Riyadh 11482
Kingdom of Saudi Arabia

ERNST & YOUNG

P.O. Box 2732
Riyadh 11461
Kingdom of Saudi Arabia

AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Alinma Bank (the "Bank") and its subsidiaries, which comprise the consolidated statement of financial position as at December 31, 2009, and the consolidated statements of comprehensive income, changes in shareholders' equity and cash flows for the period from May 26, 2008 (Date of Ministerial Resolution) to December 31, 2009, a summary of significant accounting policies and the other explanatory notes from (1) to (29). We have not audited note (30), nor the information related to "Basel II" disclosures cross-referenced therein, which is not required to be within the scope of our audit.

Management Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency, International Financial Reporting Standards, the provisions of the Regulations for Companies and the Banking Control Law in the Kingdom of Saudi Arabia and the Bank's Articles of Association. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Bank's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the

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Bank's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements taken as a whole:

- present fairly, in all material respects, the consolidated financial position of the Bank and its subsidiaries as at December 31, 2009, and of its financial performance and its cash flows for the period then ended in accordance with Accounting Standards for Financial Institutions issued by the Saudi Arabian Monetary Agency and with International Financial Reporting Standards, and

- comply with the requirements of the Regulations for Companies, the Banking Control Law and the Bank's Articles of Association and By-Laws in so far as they affect the preparation and presentation of the consolidated financial statements.

PricewaterhouseCoopers Al Juraid

Rashid Al Rashoud
Registration No. 366

Ernst & Young

Fahad M. Al-Toaimi
Registration No. 354

23 Safar 1431H
(February 7, 2010)

برايس وترهاوس كوبرز الجريد
محاسبون قانونيون
ترخيص رقم ٢٥
PRICEWATERHOUSECOOPERS AL JURAID
CERTIFIED PUBLIC ACCOUNTANTS
LICENSE NO 25

ALINMA BANK
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at December 31, 2009

	Notes	SAR'000
ASSETS		
Cash and balances with Saudi Arabian Monetary Agency ("SAMA")	4	361,133
Due from banks and other financial institutions	5	13,846,340
Investments	6	1,000,141
Financing	7	1,126,391
Property and equipment, net	8	922,199
Other assets	9	50,189
TOTAL ASSETS		**17,306,393**
LIABILITIES AND SHAREHOLDERS' EQUITY		
LIABILITIES		
Customers' deposits	10	1,501,140
Other liabilities	11	199,912
TOTAL LIABILITIES		**1,701,052**
SHAREHOLDERS' EQUITY		
Share capital	12	15,000,000
Statutory reserve	13	151,335
Retained earnings		454,006
TOTAL SHAREHOLDERS' EQUITY		**15,605,341**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**17,306,393**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

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ALINMA BANK
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD FROM MAY 26, 2008 (DATE OF MINISTERIAL RESOLUTION) TO DECEMBER 31, 2009

	Notes	SAR'000
INCOME		
Income from investments and financing	15	949,294
Return on customers' time investments	15	(3,796)
Net income from investments and financing activities	15	**945,498**
Fees from banking services	16	7,076
Exchange income		649
Other operating income		757
Total operating income		**953,980**
Salaries and employee-related expenses		361,001
Rent and premises- related expenses		52,112
Depreciation and amortization	8	78,557
Other general and administrative expenses		146,783
Total operating expenses		**638,453**
Income from operating activities		**315,527**
Pre-operating income, net	17	**289,814**
Net income		**605,341**
Other comprehensive income		**-**
Total comprehensive income		**605,341**
Basic and diluted earnings per share (SAR)	18	**0.40**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

ALINMA BANK
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
FOR THE PERIOD FROM MAY 26, 2008 (DATE OF MINISTERIAL RESOLUTION) TO DECEMBER 31, 2009

SAR'000

	Notes	Share capital	Statutory reserve	Retained earnings	Total
Share capital	12	15,000,000	-	-	15,000,000
Total comprehensive income		-	-	605,341	605,341
Transfer of statutory reserve	13	-	151,335	(151,335)	-
Balance at the end of the period		**15,000,000**	**151,335**	**454,006**	**15,605,341**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

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ALINMA BANK
(A Saudi Joint Stock Company)
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD FROM MAY 26, 2008 (DATE OF MINISTERIAL RESOLUTION) TO DECEMBER 31, 2009

	Note	SAR' 000
OPERATING ACTIVITIES		
Net income		605,341
Adjustments to reconcile net income to net cash used in operating activities		
Depreciation and amortization		78,557
		683,898
Net increase in operating assets:		
Statutory deposit with SAMA		(71,552)
Due from banks and other financial institutions maturing after ninety days of acquisition		(2,005,536)
Investments		(1,000,141)
Financing		(1,126,391)
Other assets		(50,189)
Net increase in operating liabilities:		
Customers' deposits		1,501,140
Other liabilities		199,912
Net cash used in operating activities		**(1,868,859)**
INVESTING ACTIVITIES:		
Purchase of property and equipment		(1,000,756)
Net cash used in investing activities		**(1,000,756)**
FINANCING ACTIVITIES:		
Paid in share capital		15,000,000
Net cash from financing activities		**15,000,000**
Cash and cash equivalents at end of the period	**20**	**12,130,385**
Income received from investments and financing activities		**1,360,965**
Return paid to customers		**199**

The accompanying notes from 1 to 30 form an integral part of these consolidated financial statements.

1. General

a) Incorporation and Operations

Alinma Bank, (the "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).The address of the Bank's head office is as follows:

Alinma Bank
Head Office
P.O. Box 66674
Riyadh 11586
Kingdom of Saudi Arabia

The consolidated financial statements comprise the financial statements of the Bank and its subsidiaries as follows:

Subsidiary	Bank Ownership	Establishment date
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 1430H corresponding to August 15,2009

The Bank's objective is to provide full range of banking, financing, and investment services through products and instruments that are in accordance with Islamic Sharia and the Articles and Memorandum of Association and within the provisions of Banking Control Law. The Bank provides these services through 13 branches in the Kingdom of Saudi Arabia. The Bank employed 1052 staff as at December 31, 2009.

b) Sharia Board

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

c) Accounting period

According to the clause 39 of the Articles of Association of the Bank, the financial year begins on January 1 and ends on December 31.However; the first financial year starts from the date of the Ministerial Resolution announcing the establishment of the Bank until the end of December of the following year. The first financial year, therefore, constitutes the period from May 26, 2008 to December 31, 2009 ("period").

2. Basis of preparation

a) Statement of compliance

These 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 Financial Reporting Standards (IFRS);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.

c) Functional and presentation currency

These consolidated financial statements are expressed in Saudi Arabian Riyals ("SAR") which is the functional currency of the Bank. Except as indicated, the amounts are rounded off to the nearest thousands.

d) Critical accounting judgments and estimates

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires management to exercise its judgment in the process of applying the Bank's accounting policies. Such estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including obtaining professional advices and expectations of future events that are believed to be reasonable under the circumstances. Significant areas where management has used estimates, assumptions or exercised judgments are the valuation of financial assets and the lives of property and equipment for depreciation and amortization calculation purposes.

e) Going concern

The Bank's management has made an assessment of the Bank's ability to continue as a going concern and is satisfied that the Bank has the resources to continue in business for the foreseeable future. Furthermore, the management is not aware of any material uncertainties that may cast significant doubt upon the Bank's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

3. Summary of significant accounting policies

The significant accounting policies adopted in the preparation of these consolidated financial statements are consistent with those of the first published interim financial statements as of December 31, 2008 except for the adoption of IFRS 8 Operating Segments and amendments to existing standards, as mentioned below.

- IFRS 8 Operating Segments, which supersedes IAS 14 Segment Reporting and requires disclosure of information about the Bank's operating segments;
- The revisions and amendments to IAS 1 Presentation of Financial statements.

a) Basis of consolidation

The 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, using consistent accounting policies. Adjustments, if any, are made to the financial statements of the subsidiaries to align with the Bank's 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 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 ceased 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 consolidated statement of comprehensive income from the date of acquisition or up to the date of disposal, as appropriate.

Non controlling interests represent the portion of net income (loss) and net assets attributable to interests which are not owned, directly or indirectly, by the Bank in its subsidiaries. As at December 31, 2009, 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 consolidated statement of comprehensive income and within shareholders' equity in the consolidated statement of financial position.

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

b) Trade date accounting

All regular way purchases and sales of financial assets are recognized on the trade date (i.e. the date that the Bank commits to purchase or sell the assets). Regular way purchases or sales of financial assets require delivery of those assets within the time frame generally established by regulation or convention in the market place.

c) Foreign currencies

Transactions in foreign currencies are translated into Saudi Arabian Riyals at the spot exchange rates prevailing at transaction dates. Monetary assets and liabilities at period-end, denominated in foreign currencies, are translated into Saudi Arabian Riyals at the exchange rates prevailing at the statement of financial position date. Realized and unrealized gains or losses on exchange are recognized in the consolidated statement of comprehensive income.

d) Offsetting

Financial assets and liabilities are offset and reported net in the consolidated statement of financial position when there is a legally enforceable right to set off the recognized amounts and when the Bank intends to settle on a net basis, or to realize the asset and settle the liability simultaneously.

e) Revenue/expenses recognition

Income/expenses on financial instruments

Income/expenses related to financial instruments, are recognized in the consolidated statement of comprehensive income on the effective yield basis.

Exchange income/loss

Exchange income/loss is recognized when earned/incurred.

Fees and dividend income

Fees from banking services are recognized on accrual basis as services are rendered while dividend income is recognized when the right to receive income is established.

f) Investments

Investments include certain Commodity Murabahas held at amortized cost. These are initially recognized at cost (including associated acquisition charges) representing the fair value of amounts paid. Subsequently these are measured at cost net of impairment (if any).

g) Financing

Financing includes primarily Murabaha and Ijarah products. Murabaha is the sale in which the Bank agrees with the customer to sell at cost plus a specified profit. It may be based on the customer's intention or promise to buy from the Bank. Murabahas are initially recognized at cost (including the associated acquisition charges) representing the fair value of amounts paid. Subsequently these are measured at amortized cost less impairment (if any).

h) Impairment of financial assets

An assessment is made at the date of each statement of financial position to determine whether there is an objective evidence that a financial asset or a group of financial assets may be impaired. If such evidence exists, the estimated recoverable amount of that asset is determined and any impairment loss, based on the net present value of future anticipated cash flows, is recognized for changes in its carrying amounts.

i) Property and equipment

Property and equipment are stated at cost and presented net of accumulated depreciation and amortization. Freehold land is not depreciated. The cost of other property and equipment is depreciated and amortized on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	33 years
Furniture, equipment and vehicles	5-10 years
Leasehold improvements	The shorter of lease period or 10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the date of each statement of financial position.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the consolidated statement of comprehensive income.

All assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than its estimated recoverable amount.

j) Customers' deposits

Customers' deposits represent current and investment accounts. All deposits are initially recognized at the value received, however, the investment accounts are subsequently measured at amortized cost.

k) Provisions

Provisions are recognized when a reliable estimate can be made by the Bank for a present legal or constructive obligation as a result of past events and it is more likely than not that an outflow of resources will be required to settle the obligation.

l) Accounting for Ijarah (leases)

Ijarah is a lease contract with a promise to transfer the ownership of the leased asset to the lessee at the end of the lease period, or during the lease period by the payment of outstanding dues along with/without an additional specified amount.

(i) Where the Bank is the lessee

Payments made under operating leases are charged to the consolidated statement of comprehensive income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any additional payment required to be made is recognized as an expense in the period in which termination takes place.

(ii) Where the Bank is the lessor

When assets are leased under a finance lease (Ijarah), the present value of the lease payments is recognised as a receivable and disclosed under "Financing". The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Lease income is recognized over the term of the lease using the effective yield method, which reflects a constant periodic rate of return.

m) Cash and cash equivalents

For the purpose of the statement of cash flows, "cash and cash equivalents" are defined as those amounts included in cash, balances with SAMA excluding statutory deposits, and due from banks and other financial institutions with the maturity of ninety days or less from the date of acquisition.

n) De-recognition of Financial Instruments

A financial asset (or a part of a financial asset, or a part of a group of similar financial assets) is derecognized, when contractual rights to receive the cash flows from the financial asset expire.

In instances where the Bank is assessed to have transferred a financial asset, the asset is derecognized if the Bank has transferred substantially all the risks and rewards of ownership. Where the Bank has neither transferred nor retained substantially all the risks and rewards of ownership, the financial asset is derecognized only if the Bank has not retained control of the financial asset. The Bank recognizes separately as assets or liabilities any rights and obligations created or retained in the process.

A financial liability (or part of a financial liability) can only be derecognized when it is extinguished, that is when the obligation specified in the contract is either discharged, cancelled or expires.

o) Zakat

Zakat is calculated in accordance with the zakat rules and regulations applicable in the Kingdom of Saudi Arabia and is considered as a liability on the shareholders to be deducted from dividends.

4. Cash, and balances with SAMA

	2009 SAR'000
Cash in hand	55,203
Balances with SAMA:	
Statutory deposit	71,552
Current account	352
Cash management account	231,000
	302,904
Other	3,026
Total	**361,133**

In accordance with the Banking Control Law and regulations issued by SAMA, the Bank is required to maintain a statutory deposit with SAMA at stipulated percentages of its customers' deposits as calculated at the end of each month.

5. Due from banks and other financial institutions

	2009 SAR'000
Current accounts	22,354
Murabahas with banks and other financial institutions	13,823,986
Total	**13,846,340**

6. Investments

At amortized cost (Unquoted)	
Murabahas with SAMA	1,000,141
Total	**1,000,141**

7. Financing

At Amortized cost	Performing Balance	Non-Performing	Total	Allowance for impairment	Net
Retail	56,792	-	56,792	-	56,792
Corporate	1,069,599	-	1,069,599	-	1,069,599
Total	**1,126,391**	**-**	**1,126,391**	**-**	**1,126,391**

a) Credit quality of financing portfolio

For the purpose of Bank's internal Risk Rating, it has implemented the Moody's KMV Risk Analyst tool. This tool, which is used by leading banks in the Kingdom and globally, enables the Bank to assign internal risk ratings to individual obligors in the Corporate Banking and Financial Institution business segments. The internal risk rating indicates the one year probability of credit default.

As part of the Bank's financial policy, only obligors with risk rating of 1 to 6 are considered as eligible for financing.

1) Neither past due nor impaired

Bank's internal rating scale	Rating definition	2009 SAR'000
1	Substantially credit risk free	-
2	Exceptionally strong credit risk	-
3	Excellent credit risk	-
4	Very good credit risk	516,585
5	Good credit quality	609,806
6	Satisfactory credit quality	-
Total		**1,126,391**

2) Economic sectors concentration risk for financing and allowance for impairment are as follows:

	2009 SAR'000			
	Performing	**Non-Performing**	**Allowance for impairment**	**Financing, net**
Commercial	150,111	-	-	150,111
Building and construction	919,488	-	-	919,488
Others	56,792	-	-	56,792
Total	**1,126,391**	-	-	**1,126,391**

3) Collateral

The Bank in the ordinary course of financing activities holds collaterals as security to mitigate credit risk. These collaterals mostly include customers' deposits, financial guarantees, local and international equities, real estate and other fixed assets. The collaterals are managed against relevant exposures at their net realizable values. As per the management, the fair value of collaterals was not less than the corresponding exposures.

4) Financing include Ijara (qualifying the finance lease definition) receivables, which are as follows:

	2009 SAR'000
Gross receivables from finance lease	430,309
Less than 1 year	-
1 to 5 years	430,309
Over 5 years	-
Unearned future finance income on finance lease	(67,538)
Net receivables from finance lease	**362,771**

8. Property and equipment, net

	2009 SAR'000			
	Land & buildings	Furniture, equipment and vehicles	Leasehold improvements	Total
Cost	249,527	644,609	106,620	1,000,756
Depreciation and amortization charge for the period	-	(71,743)	(6,814)	(78,557)
Net book value	**249,527**	**572,866**	**99,806**	**922,199**

Property and equipment include work in progress as at December 31, 2009 amounting to SAR 71 million. Furniture, equipment and vehicles category includes information technology-related assets at cost SAR 595 million with depreciation and amortization value SAR 63 million.

9. Other assets

	2009 SAR'000
Prepaid rental	8,176
Other prepayments	8,397
Advances to suppliers	18,200
Advances to staff	474
Others	14,942
Total	**50,189**

10. Customers' deposits

	2009 SAR'000
Demand	1,043,681
Customers' time investments	453,829
Margin	3,630
Total	**1,501,140**

The above includes foreign currency deposits as follows:

Demand	27,548
Margin	2,018
Total	**29,566**

11. Other liabilities

Accrued expenses	72,192
Accounts payable	120,878
Others	6,842
Total	**199,912**

12. Share capital

The authorized, issued and fully paid share capital of the Bank consists of 1,500 million shares of SAR 10 each. The ownership of the Bank's share capital is as follows:

	Percentage
Public Investment Fund ("PIF")	10
Public Pension Agency ("PPA")	10
General Organization for Social Insurance ("GOSI")	10
Public	70
Total	**100**

13. Statutory reserve

In accordance with the Banking Control Law in the Kingdom of Saudi Arabia and the Articles of Association of the Bank, a minimum of 25% of the annual net income is required to be transferred to a statutory reserve until this reserve equals the paid up capital of the Bank. Accordingly, SAR 151 million has been transferred from the net income for the period to statutory reserve.The statutory reserve is not currently available for distribution.

14. Commitments and contingencies

a) Legal proceedings

As at December 31, 2009 there were no significant legal proceedings outstanding against Bank.

b) Capital commitments

As at December 31, 2009, the Bank had capital commitments of SAR 96 million relating to leasehold improvements and equipment purchases.

c) Credit related commitments and contingencies

Credit related commitments and contingencies mainly comprise letters of guarantee, letters of credit, acceptances and unused irrevocable commitments to extend credit facilities. The primary purpose of these instruments is to ensure that funds are available to customers as required. Letters of guarantee and standby letters of credit, which represent irrevocable assurances that the Bank will make payments in the event that a customer cannot meet its obligations to third parties, carry the same credit risk as investments and financing. Cash requirements under guarantees and standby letters of credit are considerably less than the amount of the commitment because the Bank does not generally expect the third party to withdraw the funds under the agreement.

Documentary letters of credit are generally collaterised by the underlying shipments of goods to which they relate, and therefore have significantly less risk. Similarly for acceptances, the Bank expects that most acceptances will be presented before being reimbursed by the customers.

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i) The contractual maturity structure of the Bank's commitments and contingencies is as follows

					2009 SAR'000
	Within 3 months	3-12 months	1-5 years	Over 5 years	Total
Letters of credit	25,501	194,994	69,789	-	290,284
Letters of guarantee	65,195	48,828	687,010	-	801,033
Acceptances	13,668	457	-	-	14,125
Total	104,364	244,279	756,799	-	1,105,442

ii) The counterparties in all above commitments and contingencies are from the corporate sector.

d) Operating lease commitments

As at December 31, 2009 the future minimum lease payments under non-cancellable operating leases where the Bank is the lessee are as follows:

	2009 **SAR'000**
Less than one year	**-**
One year to five years	13,223
Over five years	349,276
Total	**362,499**

15. Net income from investments and financing activities

	For the period ended December 31, 2009
Income from:	**SAR'000**
Investments	121,498
Due from banks and other financial institutions	731,951
Financing	95,845
Total	**949,294**
Return on customers' time investments	**(3,796)**
Income from investments and financing, net	**945,498**

16. Fees from banking services

Trade services	5,097
Other	1,979
Total	**7,076**

17. Pre-operating income, net

Income from investments during pre-operating period	484,632
Pre-operating expenses	(194,818)
Pre-operating income, net	**289,814**

18. 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 are 1,500 million shares at the period end.

19. Zakat

Zakat attributable to shareholders for the period is estimated at SAR 359 million which will be deducted from future dividends. The Bank will file with the Department of Zakat and Income Tax, in 2010, the first Zakat returns.

20. Cash and cash equivalents

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

	2009 **SAR '000**
Cash in hand	55,203
Balances with SAMA excluding statutory deposit	234,378
Due from banks and other financial institutions maturing within ninety days of acquisition	11,840,804
Total	**12,130,385**

21. Business segments

The Bank has adopted IFRS 8 Operating Segments with effect from January 1, 2009. IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Bank that are regularly reviewed by the chief operating decision makers, 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. There are no material items of income or expense between the operating segments. Majority of the segment assets and liabilities comprise operating assets and liabilities.
For management purposes, the Bank is divided into the following four segments:

a) Retail banking

Deposits, financing and other products and services for individuals and business firms.

b) Corporate banking

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

c) Treasury and Investments

Murabahas with banks, and treasury services. Income is charged to business segments using internally developed Fund Transfer Pricing (FTP) rates which approximate the marginal cost of funds.

d) Others

Includes head office (as custodian of capital and assets in common use) which does not constitute a separately reportable segment.

Following is an analysis of the Bank's assets, income and results by operating segments:

2009
SAR '000

	Retail	Corporate	Treasury	Investment & brokerage	Others	Total
Total Assets	111,937	1,054,571	14,902,308	250,000	987,577	17,306,393
Total Liabilities	1,021,808	506,812	-	23,926	148,506	1,701,052
Net income from investments and financing	2,004	86,012	406,453	-	451,029	945,498
Fees from banking services and other income	1,973	5,103	649	-	757	8,482
Total operating income	3,977	91,115	407,102	-	451,786	953,980
Depreciation and amortization	5,439	234	559	-	72,325	78,557
Other operating expenses	121,198	19,082	11,882	13,591	394,143	559,896
Total operating expenses	126,637	19,316	12,441	13,591	466,468	638,453
Pre-operating income-net	-	-	-	-	289,814	289,814
Net income (loss)	(122,660)	71,799	394,661	(13,591)	275,132	605,341

The Bank's credit exposure by business segments is as follows:

2009
SAR '000

	Retail	Corporate	Treasury	Investment & brokerage	Others	Total
On Balance Sheet assets	56,734	1,054,571	14,902,308	250,000	30,605	16,294,218
Commitments and contingencies	-	1,105,442	-	-	-	1,105,442
Total	56,734	2,160,013	14,902,308	250,000	30,605	17,399,660

Credit exposure comprises the carrying value of balance sheet assets, excluding cash, property and equipment, and other assets. The credit equivalent value of commitments and contingencies are included in credit exposure.

22. Credit risk

Credit risk is the most significant risk for the Bank's business. It is defined as the risk that a counterparty will fail to meet its obligations to the Bank and, therefore, will result in a financial loss for the Bank. Credit exposures arise principally from financing and investments. There is also a credit risk in off-balance sheet financial instruments, such as letters of credit, letter of guarantees, commitments and acceptances.

The Bank actively manages its credit risk exposure by having a well-defined target market focus, conscious portfolio diversification, tight financing structure, strong collateral coverage and thorough risk assessment. It uses an internal risk rating mechanism to assess the probability of default by counterparties. Where available, external ratings, issued by the recognized major rating agencies, are used to benchmark and/or validate the internal ratings. Credit exposures to all counterparties are thoroughly evaluated, reviewed and approved by the Bank's credit committee and, in case of large exposures, by the Bank's Executive Committee and Board of Directors. These exposures are monitored on an ongoing basis to ensure compliance with the conditions of the approval and to assess their continuing creditworthiness.

In addition, the risk management policies are designed to manage the overall exposure at the portfolio level to avoid undue concentration in any particular category of risk like obligors, products, industries/sectors, geographies and currencies. The conscious discipline of risk diversification ensures that the Bank is not materially impacted by systemic weaknesses in any particular segment of economy or default of a single counterparty.

The Bank regularly reviews its risk management policies and systems to reflect changes in markets, products and emerging best practice. Analysis of investments by counter-party is provided in note (6). For details of the composition of financing refer to note (7). For commitments and contingencies refer to note (14).

Geographical concentration of financial assets with credit risk exposure, financial liabilities, commitments and contingencies.

The Bank's main credit exposure by geographic region is as follows:

	2009 SAR'000				
	Kingdom of Saudi Arabia	**Other GCC and Middle East countries**	**Europe**	**Other countries**	**Total**
Financial assets					
Cash & balances with SAMA	**359,410**	**-**	**578**	**1,145**	**361,133**
Due from banks and other financial institutions	**12,057,400**	**1,774,884**	**3,397**	**10,659**	**13,846,340**
Investments	**1,000,141**	**-**	**-**	**-**	**1,000,141**
Financing	**1,126,391**	**-**	**-**	**-**	**1,126,391**
Other assets	**15,416**	**-**	**-**	**-**	**15,416**
Total financial assets	**14,558,758**	**1,774,884**	**3,975**	**11,804**	**16,349,421**
Financial liabilities					
Customers' deposits	**1,501,140**	**-**	**-**	**-**	**1,501,140**
Other liabilities	**199,912**	**-**	**-**	**-**	**199,912**
Total financial liabilities	**1,701,052**	**-**	**-**	**-**	**1,701,052**
Commitments and contingencies	**1,092,693**	-	**-**	12,749	**1,105,442**
Maximum credit exposure (stated at credit equivalent amounts) of Commitments and contingencies	**445,362**	**217**	**-**	**2,549**	**448,128**

23. Financial Risk Management

Market risk

Market Risk is the risk that the fair value or future cash flows of the financial instruments will fluctuate due to changes in market variables such as rates of return, foreign exchange rates, and equity prices.

a) Risk of rate of return

Risk of rate of return reflects the future cash flows representing the returns on investment, financing and liabilities which are affected by changes in market price.

A fair value risk of returns represents the risks related to the changes in the fair value for financial instruments. There is no significant exposure affecting the changes in market price for future cash flows since most of financial assets have fixed returns and they are reported in the financial statements based on amortized cost. In addition, major portion of the Bank's liabilities do not carry any return.

b) Currency Risk

1. The Bank is exposed to the effects of fluctuations in foreign currency exchange rates on both its financial position and on its cash flows. The Bank's management sets limits on the level of exposure by individual currency and in total for both overnight and intraday positions, which are monitored daily.

   The Bank had the following summarized exposure to foreign currency exchange rate risk as at December 31, 2009:

Assets	**SAR'000**
Cash & balances with SAMA	1,723
Due from banks and other financial institutions	1,479,521
Investments	14
Financing	12,897
Total currency risk on assets	**1,494,155**
Liabilities	
Customers' deposits	29,566
Total currency risk on liabilities	**29,566**

2. The table below shows the currencies to which the Bank has a significant exposure as at December 31, 2009:

	SAR'000 Long
USD	913,427
Euro	13,167
UAE Dirhams	192
BHD	264,094
QAR	272,943
Others	766
Total	**1,464,589**

24. Liquidity risk

Liquidity risk is the risk that the Bank will be unable to meet its net funding requirements. Liquidity risk can be caused by market disruptions or credit downgrades, which may cause certain sources of funding to dry up immediately. To mitigate this risk, management has diversified funding sources and assets are managed with liquidity in mind, maintaining a healthy balance of cash and cash equivalents.

The table below summarises the maturity profile of the Bank's assets and liabilities. The contractual maturities of assets and liabilities have been determined on the basis of the remaining period from the date of the statement of financial position to the contractual maturity date and do not take account of the effective maturities as indicated by the historical experience. The amounts disclosed in the table are contractual undiscounted cash flows, whereas the Bank manages the inherent liquidity risk based on expected undiscounted cash inflows.

Management monitors the maturity profile to ensure that adequate liquidity is maintained. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions. All liquidity policies and procedures are subject to review and approval by ALCO. Daily reports to management cover the liquidity position of the Bank. A summary report, including any exceptions and remedial action taken, is submitted regularly to ALCO.

In accordance with Banking Control Law and the regulations issued by SAMA, the Bank maintains a statutory deposit with SAMA equal to 7% of total demand deposits and 4% of customers' time investments.

In addition to the statutory deposit, the Bank also maintains liquid reserves of no less than 20% of its deposit liabilities, in the form of cash and assets, which can be converted into cash within a period not exceeding 30 days. The Bank has the ability to raise additional funds through special investment arrangement facilities with SAMA.

The maturity profile of assets, liabilities and equity as of December 31, 2009 are as follows:

	2009 SAR'000					
	Within 3 months	**3 months to 1 year**	**1 to 5 years**	**Over 5 years**	**No fixed maturity**	**Total**
Assets						
Cash & balances with SAMA	361,133	-	-	-	-	361,133
Due from banks and other financial institutions	11,840,804	2,005,536	-	-	-	13,846,340
Investments	550,305	449,836	-	-	-	1,000,141
Financing	7,320	177,054	667,685	274,332	-	1,126,391
Property and equipment	-	-	-	-	922,199	922,199
Other assets	-	-	-	-	50,189	50,189
Total	**12,759,562**	**2,632,426**	**667,685**	**274,332**	**972,388**	**17,306,393**
Liabilities and shareholders' equity						
Customers' deposits	1,114,490	386,650	-	-	-	1,501,140
Other liabilities	-	-	-	-	199,912	199,912
Equity	-	-	-	-	15,605,341	15,605,341
Total	**1,114,490**	**386,650**	-	-	**15,805,253**	**17,306,393**

25. Fair Values of financial assets and liabilities

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties, in an arm's length transaction. Consequently, differences can arise between carrying values and fair value estimates. The estimated fair values of the on balance sheet financial instruments, excluding financings, are not significantly different from their respective net book values.

26. Related party balances and transactions

In the ordinary course of its activities, the Bank transacts business with related parties. Related party transactions are governed by limits set by the Banking Control Law and regulations issued by SAMA.

(i) The balances as at December 31, 2009 resulting from such transactions included in the consolidated financial statements are as follows:

Directors, key management personnel, and other major shareholders and their affiliates:

	2009 SAR'000
Advances to key management personnel	1,811
Current accounts	5,005
Customers' time investments	386,628

(ii) Income and expenses pertaining to transactions with related parties included in the consolidated statement of comprehensive income are as follows:

	2009 SAR'000
Board of directors' remunerations	2,887
Remunerations to executive management	33,106
End of service benefits provision for executive management	1,303
Return on customers' time investments	3,549
Compensation paid to a founding shareholder for facilitating IPO and incorporation of the Bank	20,000

The advances and expenses related to executives are in line with the normal employment terms.

27. Capital Adequacy

The Bank maintains an actively managed capital to cover risks inherent in its business. The adequacy of the Bank's capital is monitored using, among other measures, the guidelines established by the Basel Committee on Banking Supervision and as adopted by SAMA in supervising the Bank.

Particulars	**2009 SAR'000**
Credit Risk Weighted Assets	5,814,434
Operational Risk Weighted Assets	2,704,451
Market Risk Weighted Assets	-
Total Pillar-I Weighted Assets	8,518,885
Tier I Capital	15,605,341
Tier II Capital	-
Total Tier I & II Capital	15,605,341
Capital Adequacy Ratio %	-
Tier I ratio	183%
Tier I + Tier II ratio	183%

28. Prospective changes in accounting policies

IFRS 9 "Financial instruments" has been issued and is mandatory for compliance for the financial year beginning January 01, 2013. The Bank has not exercised the option to early adopt this standard.

29. Approval of the financial statements

These consolidated financial statements were approved by the Bank's Board of Directors on 23 Safar 1431 H (corresponding to February 07, 2010).

30. BASEL II PILLAR 3 Disclosure

Certain additional quantitative and qualitative disclosures are required under Basel II Pillar 3. These disclosures will be made available to the public on the Bank's website (www.alinma.com) within 60 business days after December 31, 2009 as required by SAMA. Such disclosures are not subject to audit by the external auditors of the Bank.