
ALINMA BANK
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2016

**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 September 30, 2016, and the related interim consolidated statements of income and comprehensive income for the three months and nine month periods ended September 30, 2016 and the interim consolidated statements of changes in shareholders' equity and cash flows for the nine month period then ended and the notes from (1) to (16) which form an integral part of the interim condensed consolidated financial statements. We have not reviewed note 14, nor the information related to "Disclosures under Basel III framework" cross-referenced therein, which is not required to be within the scope of our review. 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 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 auditing standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Other regulatory matters

As required by SAMA, certain capital adequacy information has been disclosed in note (13) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in note (13) to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

PricewaterhouseCoopers

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

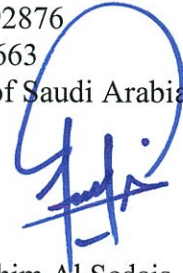


Khalid A. Mahdhar
Registration No. 368



KPMG Al Fozan & Partners Certified Public Accountants

P.O. Box 92876
Riyadh 11663
Kingdom of Saudi Arabia



Khalil Ibrahim Al Sedais
Registration No. 371



Riyadh
25 Muharram 1438H
(October 26, 2016)

ALINMA BANK
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	September 30, 2016 <u>(Unaudited)</u> <u>SAR'000</u>	December 31, 2015 <u>(Audited)</u> <u>SAR'000</u>	September 30, 2015 <u>(Unaudited)</u> <u>SAR'000</u>
ASSETS			
Cash and balances with Saudi Arabian Monetary Agency	6,946,979	5,132,787	6,147,651
Due from banks and other financial institutions	17,099,696	17,092,085	13,989,999
Investments	4 6,326,104	6,473,366	6,070,865
Financing, net	5 69,274,795	57,005,577	53,467,275
Property and equipment, net	1,653,669	1,629,004	1,568,799
Other assets	1,635,262	1,391,711	1,144,246
TOTAL ASSETS	102,936,505	88,724,530	82,388,835
LIABILITIES AND SHAREHOLDERS' EQUITY			
LIABILITIES			
Due to banks and other financial institutions	4,829,540	2,264,088	954,402
Customers' deposits	6 77,318,645	65,694,524	60,376,511
Other liabilities	2,063,126	2,413,757	2,827,597
TOTAL LIABILITIES	84,211,311	70,372,369	64,158,510
SHAREHOLDERS' EQUITY			
Share capital	15,000,000	15,000,000	15,000,000
Statutory reserve	1,381,050	1,381,050	1,013,556
Fair value reserve for available for sale investments	5,507	(10,477)	(16,438)
Other reserves	25,291	36,450	35,485
Retained earnings	2,424,754	1,312,702	2,352,343
Proposed dividend	-	787,057	-
Treasury shares	(111,408)	(154,621)	(154,621)
TOTAL SHAREHOLDERS' EQUITY	18,725,194	18,352,161	18,230,325
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	102,936,505	88,724,530	82,388,835

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

ALINMA BANK
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF INCOME
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30 (Unaudited)

	Note	<u>For the three months period ended</u>		<u>For the nine months period ended</u>	
		<u>September 30, 2016</u>	<u>September 30, 2015</u>	<u>September 30, 2016</u>	<u>September 30, 2015</u>
		<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Income from investments and financing		893,111	606,838	2,392,844	1,888,064
Return on time investments		(228,491)	(59,323)	(535,325)	(180,094)
Income from investments and financing activities, net		664,620	547,515	1,857,519	1,707,970
Fees from banking services, net		141,864	148,685	446,141	438,454
Exchange income, net		29,632	22,029	84,758	71,707
Loss from FVSI financial instruments, net		(12,905)	(20,317)	(17,069)	(10,872)
Gain/(Loss) on sale of available for sale investments,		-	5,767	(5,356)	55,826
Dividend income		5,329	4,254	16,030	19,549
Other operating income		175	6	900	406
Total operating income		828,715	707,939	2,382,923	2,283,040
Salaries and employee related expenses		182,902	168,645	542,321	500,895
Rent and premises related expenses		32,779	28,850	98,380	87,188
Depreciation and amortization		40,702	40,355	121,443	119,805
Other general and administrative expenses		104,328	53,482	305,064	214,822
Charge for impairment of financing		41,429	10,327	79,162	158,580
Charge for impairment of other financial assets		108,954	28,293	112,369	111,592
Total operating expenses		511,094	329,952	1,258,739	1,192,882
Net operating income		317,621	377,987	1,124,184	1,090,158
Share of loss from an associate and joint venture		(6,008)	(2,800)	(12,132)	(6,100)
Net income for the period		311,613	375,187	1,112,052	1,084,058
Basic and diluted earnings per share (SAR)	10	0.21	0.25	0.75	0.73

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

ALINMA BANK
(A Saudi Joint Stock Company)
INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30 (Unaudited)

	<u>For the three months period</u>		<u>For the nine months period</u>	
	<u>ended</u>		<u>ended</u>	
	<u>September</u>	<u>September</u>	<u>September</u>	<u>September</u>
	<u>30, 2016</u>	<u>30, 2015</u>	<u>30, 2016</u>	<u>30, 2015</u>
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	311,613	375,187	1,112,052	1,084,058
Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods:				
Available for sale financial assets:				
Net change in fair value	(83,998)	(77,078)	(101,742)	(34,036)
Net amount transferred to consolidated statement of income	108,954	22,525	117,726	38,692
Total comprehensive income for the period	336,569	320,634	1,128,036	1,088,714

The accompanying notes from 1 to 16 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
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30 (Unaudited)**

2016 (SAR '000)	Share capital	Statutory reserve	Fair value reserve for available for sale investments	Other reserves	Retained earnings	Proposed dividend	Treasury shares	Total
Balance at the beginning of the period	15,000,000	1,381,050	(10,477)	36,450	1,312,702	787,057	(154,621)	18,352,161
Net income for the period	-	-	-	-	1,112,052	-	-	1,112,052
Net change in fair value of available for sale investments	-	-	(101,742)	-	-	-	-	(101,742)
Net amount realized on available for sale investments	-	-	117,726	-	-	-	-	117,726
Total comprehensive income	-	-	15,984	-	1,112,052	-	-	1,128,036
Final dividend paid for 2015	-	-	-	-	-	(787,057)	-	(787,057)
Employee share based plan reserve	-	-	-	(11,159)	-	-	-	(11,159)
Net change in Treasury shares	-	-	-	-	-	-	43,213	43,213
Balance at the end of the period	15,000,000	1,381,050	5,507	25,291	2,424,754	-	(111,408)	18,725,194

2015 (SAR '000)	Share capital	Statutory reserve	Fair value reserve for available for sale investments	Other reserves	Retained earnings	Proposed dividend	Treasury shares	Total
Balance at the beginning of the period	15,000,000	1,013,556	(21,094)	23,006	1,268,285	810,100	(154,621)	17,939,232
Net income for the period	-	-	-	-	1,084,058	-	-	1,084,058
Net change in fair value of available for sale investments	-	-	(34,036)	-	-	-	-	(34,036)
Net amount realized on available for sale investments	-	-	38,692	-	-	-	-	38,692
Total comprehensive income	-	-	4,656	-	1,084,058	-	-	1,088,714
Final dividend paid for 2014	-	-	-	-	-	(810,100)	-	(810,100)
Employee share based plan reserve	-	-	-	12,479	-	-	-	12,479
Balance at the end of the period	15,000,000	1,013,556	(16,438)	35,485	2,352,343	-	(154,621)	18,230,325

The accompanying notes from 1 to 16 form an integral part of these interim condensed consolidated financial statements.

ALINMA BANK**(A Saudi Joint Stock Company)****INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS****FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30 (Unaudited)**

	Note	2016 SAR'000	2015 SAR'000
OPERATING ACTIVITIES			
Net income for the period		1,112,052	1,084,058
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization		121,443	119,805
Loss/(gain) on disposal of property and equipment, net		951	(54)
Unrealised loss from FVSI financial instruments, net		27,225	10,822
Dividend income		(16,030)	(19,549)
Charge for impairment of financing		79,162	158,580
Charge for impairment of other financial assets		112,369	111,592
Employee share based plan reserve		3,298	12,479
Share of loss from an associate and joint venture		12,132	6,100
		<u>1,452,602</u>	<u>1,483,833</u>
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Arabian Monetary Agency		(855,810)	(432,985)
Due from banks and other financial institutions, maturing after ninety days from the date of acquisition.		(3,369,531)	(5,582,948)
Investments		11,520	1,876,762
Financing		(12,348,380)	386,384
Other assets		(243,552)	(300,512)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		2,565,452	921,742
Customers' deposits		11,624,121	832,971
Other liabilities		(350,631)	(535,903)
Net cash used in operating activities		<u>(1,514,209)</u>	<u>(1,350,656)</u>
INVESTING ACTIVITIES			
Acquisition of property and equipment		(147,059)	(145,001)
Proceeds from disposal of property and equipment		-	29
Dividends received		16,030	19,549
Net cash used in investing activities		<u>(131,029)</u>	<u>(125,423)</u>
FINANCING ACTIVITIES			
Proceeds from employees share scheme		28,756	-
Dividend paid		(787,057)	(810,100)
Net cash used in financing activities		<u>(758,301)</u>	<u>(810,100)</u>
Net decrease in cash and cash equivalents		<u>(2,403,539)</u>	<u>(2,286,179)</u>
Cash and cash equivalents at the beginning of the period		<u>11,107,547</u>	<u>10,066,103</u>
Cash and cash equivalents at the end of the period	8	<u>8,704,008</u>	<u>7,779,924</u>
Income received from investments and financing		<u>1,995,927</u>	<u>1,703,659</u>
Return paid on time investments		<u>418,267</u>	<u>140,841</u>
Supplemental non-cash information			
Net change in fair value of available for sale investments		<u>(101,742)</u>	<u>(34,036)</u>

The accompanying notes from 1 to 16 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 FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2016 (Unaudited)

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). It operates under Ministerial Resolution No.173 and Commercial Registration No. 1010250808 both dated 21 Jumada-I 1429H (corresponding to May 26, 2008) and provides banking services through 70 branches (September 30, 2015: 63) in the Kingdom of Saudi Arabia. Its head office address 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 Alinma Bank and its following subsidiaries (collectively referred as the "Bank"):

Subsidiaries	Bank's Ownership	Establishment date	Main Activities
Alinma Investment Company	100%	07 Jumada II 1430H (corresponding to May 31, 2009)	Asset management, margin lending, custodianship, advisory, underwriting and brokerage services
Al-Tanweer Real Estate Company	100%	24 Sha'aban 1430H (corresponding to August 15, 2009)	Formed principally to hold legal title of properties financed by the Bank.
Alinma Cooperative Insurance Agency	100%	29 Rabi Awaal 1435H (corresponding to January 30, 2014)	Insurance agent for Alinma Tokio Marine Company (an associated company)

The Bank provides a full range of banking and investment services through products and instruments that are in accordance with Shariah, its Articles of Association and within the provisions of laws and regulations applicable to banks in the Kingdom of Saudi Arabia.

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 review and approval.

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared using uniform accounting policies, estimates, judgment and valuation methods for similar 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, 2015, in addition to adoption of new standards and amendments as explained in note 3. However, these interim condensed consolidated financial statements do not include all the 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, 2015.

The preparation of interim condensed consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

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 Alinma Bank.

b) Basis of measurement

These interim condensed consolidated financial statements have been prepared under the historical cost convention except for the measurement at fair value of the financial instruments held at fair value through statement of income (“FVSI”), available for sale (“AFS”) investments and employees share based program.

c) Functional and presentation currency

These interim condensed consolidated financial statements are presented in Saudi Arabian Riyals (“SAR”) which is the 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 Alinma Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Alinma Bank.

Subsidiaries are the entities that are controlled by the Alinma Bank. The Bank controls an entity when, it has power over the investee entity, it is exposed to, or has a right, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over that entity.

When the Bank has less than a majority of the voting or similar rights of an investee entity, it considers relevant facts and circumstances in assessing whether it has power over the entity, including:

- The contractual arrangement with the other voters of the investee entity
- Rights arising from other contractual arrangements
- Bank’s current and potential voting rights granted by instruments such as shares

The Bank re-assesses whether or not it controls an investee entity if facts and circumstances indicate that there are changes to one or more elements of control.

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 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 the 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, estimates and assumptions 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, 2015, except for the adoption of the following relevant new standards and amendments to the existing standards that are applicable during the period:

Standard and amendments	Effective date	Brief description of changes
Amendments to IFRS 11 "Accounting for acquisitions of interests in joint operations"	January 01, 2016	These amendments provide guidance to account for the acquisition of an interest in a joint operation that constitutes a business.
Amendments to IAS 16 and IAS 38	January 01, 2016	These amendments provide clarification of acceptable methods of depreciation and amortization.
Amendments to IFRS 10 and IAS 28	January 01, 2016	These amendments discuss the sale or contribution of assets between an Investor and its Associate or Joint venture.
Annual improvements to IFRSs 2012-2014 cycle	January 01, 2016	Improvement in various IFRS including certain disclosure initiatives.

These adoptions have no material impact on the 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.

4. Investments

	Note	September 30, 2016 (Unaudited) SAR'000	December 31, 2015 (Audited) SAR'000	September 30, 2015 (Unaudited) SAR'000
Murabahas with SAMA, (at amortized cost)		2,906,280	4,252,945	4,005,566
Available for sale investments		3,251,026	1,921,688	1,787,418
Held as FVSI investments		70,201	89,167	64,131
Held to maturity investments		-	98,837	98,221
Investment in an associate	4.1	81,529	87,629	90,529
Investment in joint venture	4.2	17,068	23,100	25,000
Total		6,326,104	6,473,366	6,070,865

4.1. Investment in an associate represents the Bank's share of ownership (28.75%) in Alinma Tokio Marine Company (a cooperative insurance company). The company has a paid-up share capital of SAR 450 million.

4.2. Investment in Joint venture represents the Banks's share of ownership (50%) in ERSAL Financial Remittance Company (a joint venture between Alinma Bank and Saudi Post). The company has been established under Commercial Registration No.1010431244 dated 21 Jumada I 1436H (corresponding to March 12, 2015 with a paid-up capital of SAR 50 million).

5. Financing, net

	September 30, 2016 (Unaudited) SAR'000	December 31, 2015 (Audited) SAR'000	September 30, 2015 (Unaudited) SAR'000
Retail	14,221,889	13,141,383	12,942,577
Corporate	55,401,322	44,186,006	40,936,897
Performing financing	69,623,211	57,327,389	53,879,474
Non-performing financing	481,348	428,790	405,109
Total financing, gross	70,104,559	57,756,179	54,284,583
Allowance for impairment	(829,764)	(750,602)	(817,308)
Financing, net	69,274,795	57,005,577	53,467,275

6. Customers' deposits

	Note	September 30, 2016 (Unaudited) SAR'000	December 31, 2015 (Audited) SAR'000	September 30, 2015 (Unaudited) SAR'000
Demand deposits		39,814,085	35,770,209	34,633,521
Customers' time investments	6.1	36,877,740	29,262,103	24,966,463
Others	6.2	626,820	662,212	776,527
Total		77,318,645	65,694,524	60,376,511

6.1 This represents Murabaha and Mudaraba with customers.

6.2 Others represent cash margins held against letters of credit and guarantee.

7. Credit related commitments and contingencies

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

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)	September 30, 2015 (Unaudited)
	SAR'000	SAR'000	SAR'000
Letters of credit	2,103,745	2,180,524	2,981,260
Letters of guarantee	7,601,751	9,419,598	6,383,992
Acceptances	282,199	651,366	228,618
Irrevocable commitments to extend credit	780,736	566,249	594,516
Total	10,768,431	12,817,737	10,188,386

8. Cash and cash equivalents

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

	September 30, 2016 (Unaudited)	December 31, 2015 (Audited)	September 30, 2015 (Unaudited)
	SAR'000	SAR'000	SAR'000
Cash in hand	2,156,179	1,612,612	1,981,227
Balances with SAMA excluding statutory deposit	550,765	135,952	836,705
Due from banks and other financial institutions maturing within ninety days from the date of acquisition.	5,997,064	9,358,983	4,961,992
Total	8,704,008	11,107,547	7,779,924

9. Operating segments

Operating segments are identified on the basis of internal reports about activities of the Bank that are regularly reviewed by the key decision makers including CEO and the Assets and Liabilities Committee ("ALCO"), in order to allocate resources to the segments and to assess their performance.

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

The Bank's reportable segments are as follows:

a) Retail banking

Financing, deposit and other products/services for individuals.

b) Corporate banking

Financing, deposit and other products and services for corporate, institutional customers and small to medium size businesses.

c) Treasury

Murabahas and mudaraba 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.

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 assets, liabilities, income and results by operating segments:

SAR '000	September 30, 2016 (Unaudited)				
	Retail	Corporate	Treasury	Investment and brokerage	Total
Total assets	17,698,813	56,329,247	28,490,149	418,296	102,936,505
Total liabilities	45,767,658	7,233,053	31,148,233	62,367	84,211,311
Income from investments and financing	819,027	893,636	674,483	5,698	2,392,844
Return on time investments	(139,080)	(28,707)	(367,538)	-	(535,325)
Income from investments and financing activities, net	679,947	864,929	306,945	5,698	1,857,519
Fees from banking services and other operating income	167,793	178,693	59,782	119,136	525,404
Total operating income	847,740	1,043,622	366,727	124,834	2,382,923
Charge for impairment of financing	48,262	30,900	-	-	79,162
Charge for impairment of other financial assets	-	-	112,369	-	112,369
Depreciation and amortization	59,844	40,467	20,577	555	121,443
Other operating expenses	527,354	247,317	118,468	52,626	945,765
Total operating expenses	635,460	318,684	251,414	53,181	1,258,739
Net operating income	212,280	724,938	115,313	71,653	1,124,184
Share of loss from an associate and joint venture	-	-	(12,132)	-	(12,132)
Net income for the period	212,280	724,938	103,181	71,653	1,112,052

SAR '000	September 30, 2015 (Unaudited)				
	Retail	Corporate	Treasury	Investment and brokerage	Total
Total assets	15,565,582	41,627,681	24,891,440	304,132	82,388,835
Total liabilities	38,600,228	6,760,070	18,777,860	20,352	64,158,510
Income from investments and financing	712,444	812,380	362,309	931	1,888,064
Return on time investments	(66,992)	(7,861)	(105,241)	-	(180,094)
Income from investments and financing activities, net	645,452	804,519	257,068	931	1,707,970
Fees from banking services and other operating income	133,367	235,749	108,730	97,224	575,070
Total operating income	778,819	1,040,268	365,798	98,155	2,283,040
Charge for impairment of financing	34,080	124,500	-	-	158,580
Charge for impairment of other financial assets	-	17,073	94,519	-	111,592
Depreciation and amortization	61,422	36,212	21,733	438	119,805
Other operating expenses	463,370	189,105	103,248	47,182	802,905
Total operating expenses	558,872	366,890	219,500	47,620	1,192,882
Net operating income	219,947	673,378	146,298	50,535	1,090,158
Share of loss from an associate and joint venture	-	-	(6,100)	-	(6,100)
Net income for the period	219,947	673,378	140,198	50,535	1,084,058

SAR '000	September 30, 2016 (Unaudited)				
Other information:	Retail	Corporate	Treasury	Investment and brokerage	Total
Revenue from:					
-External	590,831	1,736,116	(68,858)	124,834	2,382,923
-Inter-segment	256,909	(692,494)	435,585	-	-
Total operating income	847,740	1,043,622	366,727	124,834	2,382,923

SAR '000	September 30, 2015 (Unaudited)				
Other information:	Retail	Corporate	Treasury	Investment and brokerage	Total
Revenue from:					
-External	570,888	1,517,206	96,791	98,155	2,283,040
-Inter-segment	207,931	(476,938)	269,007	-	-
Total operating income	778,819	1,040,268	365,798	98,155	2,283,040

10. Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding shares (Basic: 1,490 million, diluted: 1,490 million) as at September 30, 2016 & 2015.

11. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to discharge a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction takes place either:

- In the accessible principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous accessible market for the asset or liability

The Bank uses following hierarchy for determining and disclosing the fair value of financial instruments

Level 1: quoted prices in active market for the same instrument (i.e. without modification or repacking):

Level 2: quoted prices in active market for similar assets and liabilities or other valuation techniques for which all significant inputs are based on observable market data: and

Level 3: valuation techniques for which any significant input is not based on observable market data.

11 (a) Fair values of financial assets and liabilities carried at fair value

Following table shows an analysis of financial instruments carried at fair value by level of the fair value hierarchy:

	SAR '000			
September 30, 2016 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets held as FVSI				
- Equities	63,891	-	-	63,891
- Mutual funds	6,310	-	-	6,310
Financial assets held as available for sale				
- Equities	313,315	-	-	313,315
- Mutual funds	492,010	-	213,763	705,773
- Sukuks	-	2,231,938		2,231,938
Total	875,526	2,231,938	213,763	3,321,227

	SAR '000			
September 30, 2015 (Unaudited)	Level 1	Level 2	Level 3	Total
Financial assets held as FVSI				
- Equities	61,545	-	-	61,545
- Mutual funds	2,586	-	-	2,586
Financial assets held as available for sale				
- Equities	351,417	-	-	351,417
- Mutual funds	251,293	-	100,000	351,293
- Sukuks	-	1,084,708	-	1,084,708
Total	666,841	1,084,708	100,000	1,851,549

There were no transfers between the fair value hierarchy levels during the period.

11 (b) Fair values of financial assets and liabilities not carried at fair value

Management adopts discounted cash flow method using the current yield curve to arrive at the fair value of financial instruments. Following table shows the fair value of financial instruments carried at amortized cost.

	SAR '000	
September 30, 2016 (Unaudited)	Carrying value	Fair value
ASSETS		
Due from banks and other financial institutions	17,099,696	17,001,523
Investments -at amortized cost	2,906,280	2,886,974
Financing, net	69,274,795	68,715,586
LIABILITIES		
Due to banks and other financial institutions	4,829,540	4,829,862
Customers' deposits	77,318,645	77,272,923

Other financial instruments not carried at fair value are typically short-term in nature and are re-priced to current market rates frequently. Accordingly, their carrying amount is a reasonable approximation of fair value.

12. Employees share-based plans

Significant features of Alinma Bank's Employee share based plan outstanding at the end of the period are as follows:

Nature of plans	ESPS	ESGS
No. of outstanding plans	one	one
Grant date	June 01, 2013	April 01, 2013
Maturity date	May 31, 2016	March 31, 2018
Number of shares granted	2,240,494	2,788,000
Vesting period	3 years	3-5 years
Value of shares granted (SAR)	31,366,916	36,662,200
Strike price per share at grant date (SAR)	11.5	-
Fair value per share at grant date (SAR)	14.0	13.15
Vesting conditions	Employee remains in service and meets prescribed performance criteria	Employee remains in service and meets prescribed performance criteria
Method of settlement	Equity	Equity
Valuation model used	Market Value	Market Value
Weighted average remaining contractual life	-	1.5 years

The movement in weighted average price and in the number of shares in the employees share participation based plans is as follows:

	Weighted average exercise price (SAR)		Number of shares in plan	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Beginning of the period	11.5	11.5	2,277,887	2,414,288
Granted during the period	-	-	-	-
Forfeited	-	-	(37,393)	(83,643)
Exercised/expired	(11.5)	-	(2,240,494)	-
End of the period	-	11.5	-	2,330,645
Exercisable at period end	-	-	-	-

These rights are granted only under a service/performance condition with no market condition associated with them. Total amount of expense recognized during the period in these interim condensed consolidated financial statements in respect of these plans was SAR 3.3 million. (September 30, 2015: SAR 9.8 million).

13. Capital adequacy

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.

Capital adequacy and the use of regulatory capital are monitored by the Bank's management. SAMA requires to hold and maintain a ratio of total regulatory capital to the risk-weighted assets at or above the Basel prescribed minimum of 8%.

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

	September 30, 2016 (Unaudited) SAR'000	December 31, 2015 (Audited) SAR'000	September 30, 2015 (Unaudited) SAR'000
Credit risk weighted assets	92,503,707	76,496,060	70,144,377
Operational risk weighted assets	5,447,064	4,976,034	4,794,798
Market risk weighted assets	280,165	655,431	770,699
Total Pillar-I Risk Weighted Assets	98,230,936	82,127,525	75,709,874
Tier I capital	18,725,194	18,352,161	18,230,325
Tier II capital	492,769	482,176	512,524
Total Tier I & II Capital	19,217,963	18,834,337	18,742,849
Capital Adequacy Ratio %			
Tier I ratio	19%	22%	24%
Tier I + Tier II ratio	20%	23%	25%

14. Disclosures under Basel III framework

Certain additional disclosures are required under the Basel III framework. These disclosures will be made available on Alinma Bank's website www.alinma.com within the prescribed time as required by SAMA. Such disclosures are not subject to review by the external auditors of the Bank.

15. Comparative figures

Figures have been rearranged or reclassified wherever necessary for the purpose of better presentation.

16. Approval of the financial statements

These interim condensed consolidated financial statements were approved on Muharram 11, 1438H (corresponding to October 12, 2016).