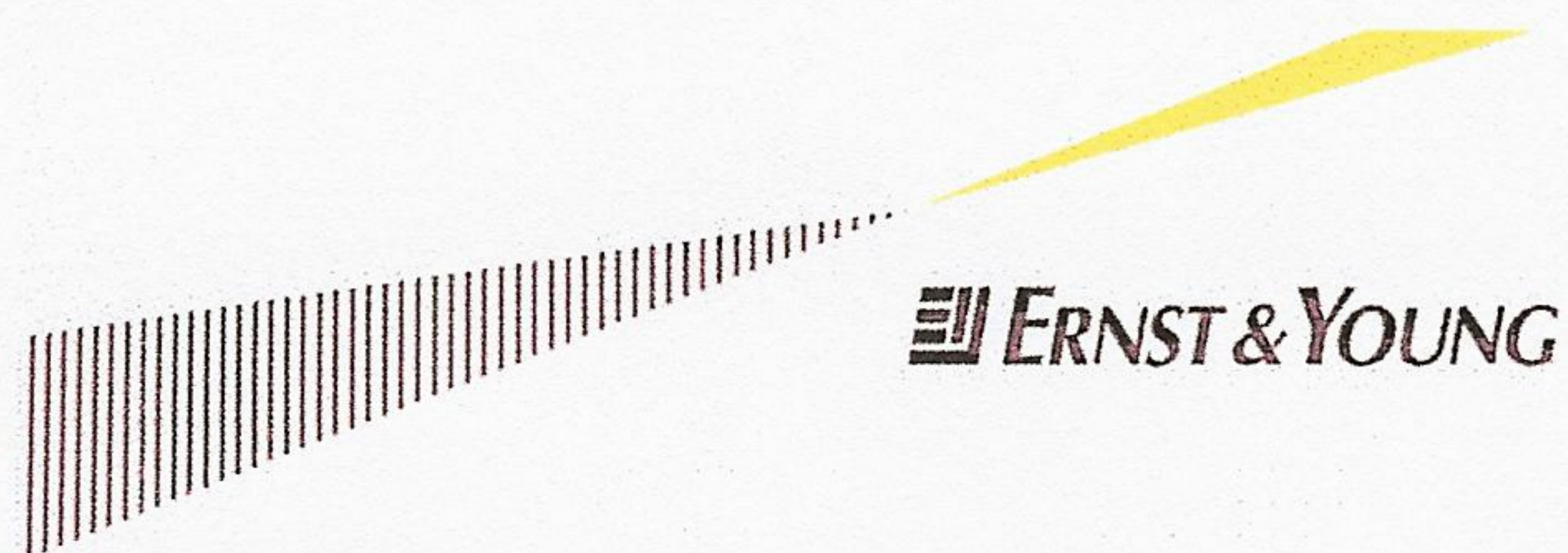


ALINMA BANK
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS PERIOD ENDED
June 30, 2010

(UNAUDITED)



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



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

REVIEW REPORT

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

We have reviewed the accompanying interim consolidated statement of financial position of Alinma Bank (the "Bank") as of June 30, 2010, and the related interim consolidated statements of comprehensive income for the three-month and six-month periods then ended and the related interim consolidated statements of changes in shareholders' equity and cash flows for the six-month period then ended including the notes from (1) to (11). We have not reviewed note (12), nor the information related to "Basel II" disclosures cross-referenced therein, which is not required to be within the scope of our review.

Management Responsibility for the Interim Condensed Consolidated Financial Statements

These interim condensed consolidated financial statements are the responsibility of the Bank's management and have been prepared by them in accordance with Accounting Standards for Financial Institutions, certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency ("SAMA") and with International Accounting Standard No. 34 "Interim Financial Reporting" and submitted to us together with all the information and explanations which we required.

Scope of Review

Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our 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 No. 2410. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.



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Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity 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 (10) to the accompanying interim condensed consolidated financial statements. As part of our review, we compared the information in the aforementioned note to the relevant analysis prepared by the Bank for submission to SAMA and found no material inconsistencies.

Ernst & Young

Fahad M. Al-Toaimi
Registration No. 354

PricewaterhouseCoopers

Mohammed A. Al Obaidi
Registration No. 367



28 Rajab 1431 H
(July 10, 2010)

ALINMA BANK
(A Saudi Joint Stock Company)

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	<u>Notes</u>	June 30, 2010 (Unaudited) SAR'000	December 31, 2009 (Audited) SAR'000	June 30, 2009 (Unaudited) SAR'000
ASSETS				
Cash and balances with Saudi Arabian Monetary Agency ("SAMA")		2,598,635	361,133	74,552
Due from banks and other financial institutions	4	10,645,978	13,846,340	12,977,493
Investments	5	1,700,774	1,000,141	2,428,396
Financing		8,425,885	1,126,391	415,672
Property and equipment, net		1,029,288	922,199	684,936
Other assets		546,988	50,189	31,650
Total assets		<u>24,947,548</u>	<u>17,306,393</u>	<u>16,612,699</u>
LIABILITIES AND SHAREHOLDERS' EQUITY				
Liabilities				
Due to banks and other financial institutions		2,502,458	-	-
Customers' deposits		6,409,476	1,501,140	537,909
Other liabilities		502,069	199,912	513,685
Total liabilities		<u>9,414,003</u>	<u>1,701,052</u>	<u>1,051,594</u>
Shareholders' equity				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		151,335	151,335	-
Retained earnings		382,210	454,006	561,105
Total shareholders' equity		<u>15,533,545</u>	<u>15,605,341</u>	<u>15,561,105</u>
Total liabilities and shareholders' equity		<u>24,947,548</u>	<u>17,306,393</u>	<u>16,612,699</u>

The accompanying notes from 1 to 12 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)

	Note	For the three months ended		For the six months ended	
		June 30, 2010 SAR'000	June 30, 2009 SAR'000	June 30, 2010 SAR'000	June 30, 2009 SAR'000
Income from investments and financing		167,194	154,032	235,958	332,287
Return on time investments		(5,581)	(1,227)	(7,090)	(1,519)
Net income from investments and financing activities		161,613	152,805	228,868	330,768
Fees from banking services		10,260	204	21,357	207
Exchange income		1,867	542	3,119	787
Other operating income		517	9	3,273	12
		12,644	755	27,749	1,006
Total operating income		174,257	153,560	256,617	331,774
Salaries and employee-related expenses		86,920	60,845	178,863	100,251
Rent and premises- related expenses		10,676	6,681	20,205	14,709
Depreciation and amortization		22,064	12,083	46,671	22,037
Other general and administrative expenses		51,299	1,871	82,674	13,319
Total operating expenses		170,959	81,480	328,413	150,316
Income/(loss) from operating activities		3,298	72,080	(71,796)	181,458
Pre-operating expense, net		-	(4,164)	-	(10,334)
Net income /(loss) for the period		3,298	67,916	(71,796)	171,124
Other comprehensive income		-	-	-	-
Total comprehensive income/ (loss) for the period		3,298	67,916	(71,796)	171,124
Basic and diluted earnings/(loss) per share (SAR)	9	0.002	0.05	(0.05)	0.11

The accompanying notes from 1 to 12 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 SIX MONTH PERIOD ENDED JUNE 30, 2010

<u>2010</u>	<u>SAR'000</u>			Total
	Share capital	Statutory reserve	Retained earnings	
Balance at January 1	15,000,000	151,335	454,006	15,605,341
Total comprehensive loss for the period	-	-	(71,796)	(71,796)
Balance at June 30	15,000,000	151,335	382,210	15,533,545

<u>2009</u>	<u>SAR'000</u>			Total
	Share capital	Statutory reserve	Retained earnings	
Balance at January 1	15,000,000	-	389,981	15,389,981
Total comprehensive income for the period	-	-	171,124	171,124
Balance at June 30	15,000,000	-	561,105	15,561,105

The accompanying notes from 1 to 12 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 SIX MONTH PERIOD ENDED JUNE 30, 2010

	<u>Note</u>	<u>2010</u>	<u>2009</u>
		SAR'000	SAR'000
OPERATING ACTIVITIES			
Net (loss) income for the period		(71,796)	171,124
Adjustments to reconcile net (loss)/income to net cash (used in)/ from operating activities:			
Depreciation and amortization		46,671	22,037
Operating (loss)/ income before changes in operating assets and liabilities		(25,125)	193,161
Net (increase)/decrease in operating assets			
Statutory deposit with SAMA		(179,851)	(23,775)
Due from banks and other financial institutions maturing after ninety days from the date of acquisition		(8,522,236)	934,071
Investments		(700,619)	(109,624)
Financing		(7,299,494)	(415,672)
Other assets		(496,799)	65,646
Net increase/(decrease) in operating liabilities			
Due to banks and other financial institutions		2,502,458	-
Customers' deposits		4,908,336	537,909
Other liabilities		302,157	347,668
Net cash (used in)/ from operating activities		(9,511,173)	1,529,384
INVESTING ACTIVITIES			
Purchase of property and equipment		(153,760)	(225,368)
Net cash used in investing activities		(153,760)	(225,368)
Net (decrease)/increase in cash and cash equivalents		(9,664,933)	1,304,016
Cash and cash equivalents at beginning of the period		12,130,385	1,661,987
Cash and cash equivalents at end of the period	7	2,465,452	2,966,003
Income received from investments and financing activities		216,758	157,973
Return paid to customers		1,137	193

The accompanying notes from 1 to 12 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 SIX MONTHS PERIOD ENDED JUNE 30, 2010

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 interim condensed 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 1430 H corresponding to August 15, 2009

The Bank aims to provide full range of banking, financing, and investment services through Sharia compliant products. These services are being offered through 15 branches (June 2009: NIL) in the Kingdom of Saudi Arabia.

b) Sharia Board

The Bank has established a Sharia Board in line with its commitment to comply with Sharia. The Sharia Board is responsible for carrying out regular reviews of the operating results as well as any new products and services before its launch.

2. Basis of preparation

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 financial statements of the Bank for the financial period ended December 31, 2009.

a) Statement of compliance

These interim condensed consolidated financial statements are prepared:

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

b) Basis of measurement

These interim condensed consolidated financial statements have been prepared based on the historical cost convention.

c) Functional and presentation currency

These interim condensed 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) 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, using consistent accounting policies. Adjustments, if any, are made to the financial statements of the subsidiaries, where necessary, to align with the Bank’s financial statements.

Subsidiaries are the entities wherein 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 ceases 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 effective date of acquisition or up to the effective date of disposal, as appropriate.

Non controlling interests represent the portion of net income (loss) and of net assets attributable to interests which are not owned, directly or indirectly, by the Bank in its subsidiaries. As at June 30, 2010, non controlling interests in the subsidiaries are immaterial and are owned by representative shareholders of the Bank, to meet regulatory requirements, and hence not presented separately in the interim consolidated statement of comprehensive income and within shareholders’ equity in the interim consolidated statement of financial position.

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

3. Summary of significant accounting policies

The accounting policies adopted in the preparation of these interim condensed consolidated financial statements are consistent with those used in the preparation of the annual consolidated financial statements for the period ended December 31, 2009.

As regards to the amendments to IFRS effective during 2010, the Bank is not expecting events attracting the provisions of these amendments and as such no material impact on these interim condensed consolidated financial statements. Similarly, the Bank has not exercised the option to early adopt the IFRS and related amendments issued to date with future effective dates.

4. Due from banks and other financial institutions

	June 30, 2010 (Unaudited) SAR'000	December 31, 2009 (Audited) SAR'000	June 30, 2009 (Unaudited) SAR'000
Murabahas with banks	10,527,772	13,823,986	12,977,432
Current accounts	118,206	22,354	61
Total	10,645,978	13,846,340	12,977,493

5. Investments (at amortized cost)

	June 30, 2010 (Unaudited) SAR'000	December 31, 2009 (Audited) SAR'000	June 30, 2009 (Unaudited) SAR'000
Murabahas with SAMA	1,700,774	1,000,141	2,428,396
Total	1,700,774	1,000,141	2,428,396

6. Credit related commitments and contingencies

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

	June 30, 2010 (Unaudited) SAR'000	December 31, 2009 (Audited) SAR'000	June 30, 2009 (Unaudited) SAR'000
Letters of credit	925,760	290,284	129,101
Letters of guarantee	1,864,476	801,033	700,888
Acceptances	201,280	14,125	-
Total	2,991,516	1,105,442	829,989

7. Cash and cash equivalents

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

	June 30, 2010 (Unaudited) SAR'000	December 31, 2009 (Audited) SAR'000	June 30, 2009 (Unaudited) SAR'000
Cash in hand	102,004	55,203	10,810
Balances with SAMA excluding statutory deposit	2,245,228	234,378	39,967
Due from banks and other financial institutions maturing within ninety days from the date of acquisition	118,220	11,840,804	2,915,226
Total	2,465,452	12,130,385	2,966,003

8. Segmental information

Operating segments are 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.

Predominantly, the Bank's 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. There have been no changes to the basis of segmentation or the measurement basis for the segment profit or loss since December 31, 2009.

For management purposes, the Bank is divided into the following segments:

a) Retail banking

Deposits, financing and other products and services for individuals and small to medium sized businesses.

b) Corporate banking

Deposits, financing and other products and services for corporate and institutional customers.

c) Treasury

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

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 and assets in common use) which does not constitute a separately reportable segment. Following is an analysis of the Bank's assets, liabilities, income and results by operating segments:

SAR'000	June 30, 2010 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
Total assets	1,025,097	7,532,140	14,843,017	216,953	1,330,341	24,947,548
Total liabilities	3,548,517	1,799,802	3,803,957	6,342	255,385	9,414,003
Net income from investments and financing	13,198	122,793	38,291	498	54,088	228,868
Fees from banking services and other income	5,784	15,873	2,821	-	3,271	27,749
Total operating income	18,982	138,666	41,112	498	57,359	256,617
Total operating expenses	87,031	12,263	7,260	15,962	205,897	328,413
Net income /(loss) for the Period	(68,049)	126,403	33,852	(15,464)	(148,538)	(71,796)

SAR'000	June 30, 2009 (Unaudited)					
	Retail	Corporate	Treasury	Investment and brokerage	Others	Total
Total assets	10,723	645,432	15,233,724	251,329	471,491	16,612,699
Total liabilities	15,202	148,481	794,404	11,663	81,844	1,051,594
Net income from investments and financing	275	3,468	131,063	-	195,962	330,768
Fees from banking services and other income	3	205	97	-	701	1,006
Total operating income	278	3,673	131,160	-	196,663	331,774
Total operating expenses	32,368	5,173	3,490	-	109,285	150,316
Pre-operating expenses, net	-	-	-	(10,334)	-	(10,334)
Net income /(loss) for the period	(32,090)	(1,500)	127,670	(10,334)	87,378	171,124

9. Earnings / (loss) per share

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

	Three months period ended		Six months period ended	
	June 30, 2010 SAR'000	June 30, 2009 SAR'000	June 30, 2010 SAR'000	June 30, 2009 SAR'000
Total comprehensive income/(loss) for the period	3,298	67,916	(71,796)	171,124
Weighted average number of outstanding shares	1,500,000	1,500,000	1,500,000	1,500,000
Basic and diluted earnings (loss) per share (SAR)	0.002	0.05	(0.05)	0.11

10. Capital Adequacy

The Bank maintains an actively managed capital base 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.

Capital Adequacy Ratios

Particulars	June 30, 2010		June 30, 2009	
	Total Capital Ratio	Tier 1 Capital Ratio	Total Capital Ratio	Tier 1 Capital Ratio
	(Unaudited)		(Unaudited)	
	(%)	(%)	(%)	(%)
Top consolidated level	107	107	379	367

11. Comparative Figures

Comparative figures have been reclassified wherever necessary to facilitate comparison.

12. Basel II Pillar III disclosures

Certain additional quantitative disclosures are required under Basel II Pillar 3, which will be made available to the public on the Bank's website (www.alinma.com) within 60 business days after June 30, 2010 as required by SAMA. Such disclosures are not subject to review or audit by the external auditors of the Bank.