

ALINMA BANK
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE NINE MONTHS PERIOD ENDED
SEPTEMBER 30, 2014



KPMG Al Fozan & Al Sadhan

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

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

Introduction

We have reviewed the accompanying interim consolidated statement of financial position of Alinma Bank and its subsidiaries (the “Bank”) as of September 30, 2014, and the related interim consolidated statements of income and comprehensive income for the three month and nine month periods ended September 30, 2014 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 (15) which form an integral part of the interim condensed consolidated financial statements. We have not reviewed note (16), nor the information related to “Basel III- Capital Structure” 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 and certain capital adequacy disclosure requirements issued by the Saudi Arabian Monetary Agency (“SAMA”) and with International Accounting Standard No. 34 “Interim Financial Reporting”. Our responsibility is to express a conclusion on these interim condensed consolidated financial statements based on our review.

Scope of review

We conducted our review in accordance with generally accepted standards in the Kingdom of Saudi Arabia applicable to review engagements and with International Standard on Review Engagements 2410, “Review of Interim Financial Information Performed by the Independent Auditor of the Entity”. A review of interim condensed consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.



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Conclusion

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

Other regulatory matters

As required by SAMA, certain capital adequacy information has been disclosed in note (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.

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November 4, 2014
(Muharram 11, 1436H)



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

	Note	September 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
ASSETS				
Cash and balances with Saudi Arabian Monetary Agency		5,253,249	4,972,467	3,300,744
Due from banks and other financial institutions		8,692,684	4,972,181	4,533,564
Investments	4	8,389,955	5,399,466	5,990,216
Financing, net	5	50,219,303	44,923,623	41,914,945
Property and equipment, net		1,461,309	1,474,912	1,440,251
Other assets		1,441,030	1,258,583	1,965,156
TOTAL ASSETS		75,457,530	63,001,232	59,144,876
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Due to banks and other financial institutions		73,927	200,736	770,751
Customers' deposits	6	53,387,630	42,762,623	37,623,053
Other liabilities		4,185,747	3,205,942	3,328,506
TOTAL LIABILITIES		57,647,304	46,169,301	41,722,310
SHAREHOLDERS' EQUITY				
Share capital		15,000,000	15,000,000	15,000,000
Statutory reserve		697,448	697,448	446,259
Net change in fair value of available for sale investments		116,879	80,862	60,495
Other reserves		20,694	10,250	6,757
Retained earnings		2,129,826	1,197,992	2,063,676
Treasury shares		(154,621)	(154,621)	(154,621)
TOTAL SHAREHOLDERS' EQUITY		17,810,226	16,831,931	17,422,566
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		75,457,530	63,001,232	59,144,876

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

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

	<u>For the three months</u>		<u>For the nine months period</u>	
	<u>period ended</u>		<u>ended</u>	
	September	September	September	September
	30, 2014	30, 2013	30, 2014	30, 2013
Note	SAR'000	SAR'000	SAR'000	SAR'000
Income from investments and financing	579,618	505,559	1,691,824	1,489,034
Return on time investments	(50,132)	(45,100)	(147,921)	(128,403)
Income from investments and financing activities, net	529,486	460,459	1,543,903	1,360,631
Fees from banking services, net	127,677	52,988	255,646	177,610
Exchange income, net	14,224	7,903	33,536	23,201
Income from FVIS financial instruments, net	11,516	3,601	24,074	10,060
Gain on sale of available for sale investments	-	9,998	25,804	25,608
Dividend income	4,309	6,006	15,433	18,818
Other operating income	116	1,501	136	7,369
Total operating income	687,328	542,456	1,898,532	1,623,297
Salaries and employee related expenses	165,898	130,855	477,742	389,832
Rent and premises related expenses	28,279	24,449	77,664	66,802
Depreciation and amortization	37,941	37,698	114,007	115,884
Other general and administrative expenses	71,125	56,446	200,345	179,189
Charge for impairment of financial assets	50,648	28,306	91,272	139,825
Total operating expenses	353,891	277,754	961,030	891,532
Net operating income	333,437	264,702	937,502	731,765
Share of loss from an associate	(2,100)	(2,670)	(5,668)	(6,864)
Net income for the period	331,337	262,032	931,834	724,901
Basic and diluted earnings per share (SAR)	0.22	0.18	0.63	0.49

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 (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30**

	<u>For the three months period ended</u>		<u>For the nine months period ended</u>	
	<u>September 30, 2014</u>	<u>September 30, 2013</u>	<u>September 30, 2014</u>	<u>September 30, 2013</u>
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	331,337	262,032	931,834	724,901
Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods:				
Net change in fair value of available for sale investments	17,745	40,030	61,821	52,319
Net gain realized on available for sale investments	-	(9,998)	(25,804)	(25,608)
Total comprehensive income for the period	349,082	292,064	967,851	751,612

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

**INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
(Unaudited) FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30**

SAR'000							
2014	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Other reserves	Retained earnings	Treasury shares	Total
Balance at the beginning of the period	15,000,000	697,448	80,862	10,250	1,197,992	(154,621)	16,831,931
Net income for the period	-	-	-	-	931,834	-	931,834
Net change in fair value of available for sale investments	-	-	61,821	-	-	-	61,821
Net gain realized on available for sale investments	-	-	(25,804)	-	-	-	(25,804)
Total comprehensive income for the period	-	-	36,017	-	931,834	-	967,851
Employee share plan reserve	-	-	-	10,444	-	-	10,444
Balance at the end of the period	15,000,000	697,448	116,879	20,694	2,129,826	(154,621)	17,810,226

SAR'000							
2013	Share capital	Statutory reserve	Net change in fair value of available for sale investments	Other reserves	Retained earnings	Treasury shares	Total
Balance at the beginning of the period	15,000,000	446,259	33,784	-	1,338,775	(154,621)	16,664,197
Net income for the period	-	-	-	-	724,901	-	724,901
Net change in fair value of available for sale investments	-	-	52,319	-	-	-	52,319
Net gain realized on available for sale investments	-	-	(25,608)	-	-	-	(25,608)
Total comprehensive income for the period	-	-	26,711	-	724,901	-	751,612
Employee share plan reserve	-	-	-	6,757	-	-	6,757
Balance at the end of the period	15,000,000	446,259	60,495	6,757	2,063,676	(154,621)	17,422,566

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 (Unaudited)
FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30

	Note	2014 SAR'000	2013 SAR'000
OPERATING ACTIVITIES			
Net income for the period		931,834	724,901
Adjustments to reconcile net income to net cash from / (used in) operating activities:			
Depreciation and amortization		114,007	115,884
Loss on disposal of property and equipment, net		59	3,932
Income from FVIS financial instruments, net		(24,074)	(10,060)
Dividend income		(15,433)	(18,818)
Charge for impairment of financial assets		91,272	139,825
Employee share based plan reserve		10,444	6,757
Share of loss from an associate		5,668	6,864
		<u>1,113,777</u>	<u>969,285</u>
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Arabian Monetary Agency		(653,150)	(392,903)
Due from banks and other financial institutions, with original maturity of more than three months		(2,154,508)	1,698,498
Investments		(2,936,066)	(4,000,066)
Financing		(5,386,952)	(4,836,998)
Other assets		(181,848)	(349,309)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		(126,809)	(1,643,781)
Customers' deposits		10,625,007	5,409,441
Other liabilities		979,805	606,394
Net cash generated from / (used in) operating activities		<u>1,279,256</u>	<u>(2,539,439)</u>
INVESTING ACTIVITIES			
Acquisition of property and equipment		(100,463)	(146,203)
Proceeds from disposal of property and equipment		-	33,958
Dividends received		14,834	18,818
Net cash used in investing activities		<u>(85,629)</u>	<u>(93,427)</u>
Net increase / (decrease) in cash and cash equivalents		<u>1,193,627</u>	<u>(2,632,866)</u>
Cash and cash equivalents at the beginning of the period		<u>6,040,732</u>	<u>6,865,902</u>
Cash and cash equivalents at the end of the period	8	<u>7,234,359</u>	<u>4,233,036</u>
Income received from investments and financing		<u>1,696,001</u>	<u>1,351,596</u>
Return paid on time investments		<u>121,609</u>	<u>86,651</u>
Supplemental non-cash information			
Net change in fair value on available for sale investments		<u>61,821</u>	<u>52,319</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

(Unaudited)

FOR THE NINE MONTHS PERIOD ENDED SEPTEMBER 30, 2014

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 21/05/1429H (corresponding to May 26, 2008) and providing banking services through 55 branches (September 30, 2013: 54) 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 the Bank and its following subsidiaries (the "Bank"):

Subsidiaries	Bank's Ownership	Establishment date
Alinma Investment Company	100 %	07 Jumada II 1430 H (corresponding to May 31, 2009)
Al-Tanweer Real Estate Company	100 %	24 Sha'aban 1430 H (corresponding to August 15, 2009)
Alinma Cooperative Insurance Agency	100%	29 Rabi Awaal 1435H (corresponding to January 30, 2014

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

b) Shariah Board

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

2. Basis of preparation

These interim condensed consolidated financial statements have been prepared using uniform accounting policies, estimates, judgment and valuation methods for like transactions and other events in similar circumstances as disclosed in the annual consolidated financial statements of the Bank as of and for the financial year ended December 31, 2013. However, these interim condensed consolidated financial statements do not include all information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the annual consolidated financial statements of the Bank as of and for the financial year ended December 31, 2013.

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 income statement (“FVIS”) and available for sale (“AFS”) investments and employees share based plans.

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 the Bank and its subsidiaries. The financial statements of the subsidiaries are prepared for the same reporting period as that of the Bank.

Subsidiaries are the entities that are controlled by the Bank. The Bank controls an entity when, 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

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 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, 2013, except for the adoption of the following relevant new standards and amendments to the existing standards that are applicable during 2014:

Standard and amendments	Effective date	Brief description of changes
Amendments to IFRS 10, IFRS 12 and IAS 27	January 1, 2014	The amendments provide consolidation relief for investment funds if it fulfills certain specified conditions.
Amendments to IAS 32 "Financial Instruments: Presentation"	January 1, 2014	These amendments clarify the following: a) an entity has a legally enforceable right to off-set if that right is not contingent on a future event and enforceable both in the normal course of business and in the event of default, insolvency or bankruptcy of the entity and all counterparties; and b) gross settlement is equivalent to net settlement if and only if the gross settlement mechanism has features that eliminate or result in insignificant credit and liquidity risk and process receivables and payables in a single settlement process or cycle.
Amendment to IAS 36 "Impairment of assets"	January 1, 2014	The amendment clarifies the requirement for disclosure about the recoverable amount of impaired assets.

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, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
Murabahas with SAMA, (at amortized cost)		6,300,000	3,550,000	4,000,000
Available for sale investments		1,934,575	1,708,007	1,890,362
Held as FVIS investments		127,497	107,908	62,730
Investment in an associate	4.1	27,883	33,551	37,124
Total		8,389,955	5,399,466	5,990,216

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 200 million.

5. Financing, net

	September 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
Retail	11,516,569	9,386,549	8,869,341
Corporate	38,975,076	35,748,812	33,244,480
Performing financing	50,491,645	45,135,361	42,113,821
Non-performing financing	333,141	302,482	190,877
Total financing, gross	50,824,786	45,437,843	42,304,698
Allowance for impairment	(605,483)	(514,220)	(389,753)
Financing, net	50,219,303	44,923,623	41,914,945

6. Customers' deposits

	Note	September 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
Demand deposits		27,352,566	21,999,085	20,373,920
Customers' time investments	6.1	25,276,838	20,488,205	17,043,716
Others	6.2	758,226	275,333	205,417
Total		53,387,630	42,762,623	37,623,053

6.1 This represents Murabaha and Mudarbah 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, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
Letters of credit	1,931,505	1,819,022	1,723,341
Letters of guarantee	3,222,566	2,592,251	2,633,000
Acceptances	408,580	236,366	267,826
Irrevocable commitments to extend credit	1,761,832	3,145,333	2,278,677
Total	7,324,483	7,792,972	6,902,844

8. Cash and cash equivalents

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

	September 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	September 30, 2013 (Unaudited) SAR'000
Cash in hand	1,615,682	987,697	1,052,925
Balances with SAMA excluding statutory deposit	808,805	1,809,158	182,693
Due from banks and other financial institutions with original maturity of three month or less	4,809,872	3,243,877	2,997,418
Total	7,234,359	6,040,732	4,233,036

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. Majority of the segment assets and liabilities comprise of operating assets and liabilities.

The Bank's reportable segments are as follows:

a) Retail banking

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

b) Corporate banking

Financing, deposit and other products and services for corporate and institutional customers.

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, 2014				
	Retail	Corporate	Treasury	Investment & brokerage	Total
Total assets	14,142,717	40,006,977	20,378,149	929,687	75,457,530
Total liabilities	37,830,078	5,046,529	14,095,111	675,586	57,647,304
Income from investments and financing, net	547,349	725,161	269,038	2,355	1,543,903
Fees from banking services and other operating income	68,858	137,736	88,815	59,220	354,629
Total operating income	616,207	862,897	357,853	61,575	1,898,532
Charge for impairment of financial assets	26,725	64,547	-	-	91,272
Depreciation and amortization	58,811	35,958	18,404	834	114,007
Other operating expenses	419,466	200,275	99,058	36,952	755,751
Total operating expenses	505,002	300,780	117,462	37,786	961,030
Net operating income	111,205	562,117	240,391	23,789	937,502
Share of loss from an associate	-	-	(5,668)	-	(5,668)
Net income for the period	111,205	562,117	234,723	23,789	931,834

SAR '000	September 30, 2013				
	Retail	Corporate	Treasury	Investment & brokerage	Total
Total assets	10,824,292	34,851,843	12,813,415	655,326	59,144,876
Total liabilities	20,879,589	7,076,171	13,299,460	467,090	41,722,310
Income from investments and financing, net	410,266	699,187	249,029	2,149	1,360,631
Fees from banking services and other operating income	58,003	104,207	69,708	30,748	262,666
Total operating income	468,269	803,394	318,737	32,897	1,623,297
Charge for impairment of financial assets	30,655	109,170	-	-	139,825
Depreciation and amortization	56,624	42,327	16,200	733	115,884
Other operating expenses	345,755	187,432	73,095	29,541	635,823
Total operating expenses	433,034	338,929	89,295	30,274	891,532
Net operating income	35,235	464,465	229,442	2,623	731,765
Share of loss from an associate	-	-	(6,864)	-	(6,864)
Net income for the period	35,235	464,465	222,578	2,623	724,901

10. Earnings per share

Earnings per share is calculated by dividing the net income by the weighted average number of outstanding shares (Basic: 1,485 million, diluted: 1,491 million) at period end.

11. Fair values of financial assets and liabilities

Fair value is the price that would be received to sell an asset or paid to transfer 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 fair value of on-balance sheet financial instruments are not significantly different from their carrying values included in the interim condensed consolidated financial statements.

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.

The following table shows an analysis of financial instruments recorded at fair value by level of the fair value hierarchy:

	SAR '000			
September 30, 2014	Level 1	Level 2	Level 3	Total
Financial assets held as FVIS	127,497			127,497
Financial assets held as available for sale	1,834,575	-	100,000	1,934,575
Total	1,962,072	-	100,000	2,062,072

	SAR '000			
September 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets held as FVIS	62,730	-	-	62,730
Financial assets held as available for sale	1,890,362	-	-	1,890,362
Total	1,953,092	-	-	1,953,092

Investment classified under Level 3 are valued at its latest Net Asset Value "NAV" as at the balance sheet date. During the period there were no transfers between the fair value hierarchy levels.

12. Employees share-based plans

Significant features of the Employee Share based plans outstanding at the end of the period are as follows:

Nature of Plan	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	2,431,863	2,863,000
Vesting period	3 years	3-5 years
Value of shares granted (SAR)	34,046,082	37,648,450
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	1.67 years	3.5 years

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

	Weighted average exercise price (SAR)		Number of shares in scheme	
	September 30, 2014	September 30, 2013	September 30, 2014	September 30, 2013
Beginning of the period	11.5	-	2,580,654	-
Granted during the period	-	11.5	-	2,733,362
Forfeited	-	-	(148,791)	-
Exercised/expired	-	-	-	-
End of the period	11.5	11.5	2,431,863	2,733,362
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 schemes was SAR 10.44 million. (September 30, 2013: SAR 6.757 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 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, 2014 (Unaudited)	December 31, 2013 (Audited)	September 30, 2013 (Unaudited)
	SAR'000	SAR'000	SAR'000
Credit risk weighted assets	56,318,500	50,231,214	47,402,580
Operational risk weighted assets	4,056,699	3,433,374	3,155,771
Market risk weighted assets	6,427,482	6,830,683	7,100,785
Total Pillar-I Risk Weighted Assets	66,802,681	60,495,271	57,659,136
Tier I capital	17,810,226	16,831,931	17,422,566
Tier II capital	335,287	328,487	266,735
Total Tier I & II Capital	18,145,513	17,160,418	17,689,301
Capital Adequacy Ratio %			
Tier I ratio	27%	28%	30%
Tier I + Tier II ratio	27%	28%	31%

14. Comparative figures

Certain prior period figures have been reclassified to conform with the current period presentations.

15. Approval of the financial statements

These interim condensed consolidated financial statements were approved on 22 Dhul-Hajjah, 1435H (corresponding to October 16, 2014).

16. Basel III-Capital Structure

Certain disclosures on the Bank's capital structure are required to be published on the Bank's website. These disclosures will be published on the Bank's website (www.alinma.com) as required by SAMA. Such disclosures are not subject to review by the external auditors of the Bank.