

ALINMA BANK
(A Saudi Joint Stock Company)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

FOR THE SIX MONTHS PERIOD ENDED
JUNE 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 June 30, 2014, and the related interim consolidated statements of income and comprehensive income for the three month and six month periods ended June 30, 2014 and the interim consolidated statements of changes in shareholders' equity and cash flows for the six months 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 14, nor the information related to "Basel III-Pillar III and Capital structure Disclosures" 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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July 17, 2014
Ramadan 20, 1435H



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

	Note	June 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	June 30, 2013 (Unaudited) SAR'000
ASSETS				
Cash and balances with Saudi Arabian Monetary Agency		6,123,293	4,972,467	4,247,785
Due from banks and other financial institutions		6,810,634	4,972,181	2,913,973
Investments	4	5,854,399	5,399,466	5,796,799
Financing, net	5	49,009,496	44,923,623	41,569,395
Property and equipment, net		1,481,859	1,474,912	1,428,446
Other assets		1,320,016	1,258,583	1,985,603
TOTAL ASSETS		70,599,697	63,001,232	57,942,001
LIABILITIES AND SHAREHOLDERS' EQUITY				
LIABILITIES				
Due to banks and other financial institutions		439,257	200,736	1,300,759
Customers' deposits	6	48,976,211	42,762,623	36,466,122
Other liabilities		3,726,542	3,205,942	3,048,183
TOTAL LIABILITIES		53,142,010	46,169,301	40,815,064
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		99,134	80,862	30,463
Other reserves		17,237	10,250	3,192
Retained earnings		1,798,489	1,197,992	1,801,644
Treasury shares		(154,621)	(154,621)	(154,621)
TOTAL SHAREHOLDERS' EQUITY		17,457,687	16,831,931	17,126,937
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		70,599,697	63,001,232	57,942,001

The accompanying notes from 1 to 15 form an integral part of these interim condensed consolidated financial statements.

**INTERIM CONSOLIDATED STATEMENT OF INCOME (Unaudited)
FOR THE SIX MONTHS PERIOD ENDED JUNE 30**

	<u>For the three months</u> <u>period ended</u>		<u>For the six months</u> <u>period ended</u>	
	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
Note	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Income from investments and financing	551,984	499,688	1,112,206	983,475
Return on time investments	(50,186)	(42,783)	(97,789)	(83,303)
Income from investments and financing activities, net	501,798	456,905	1,014,417	900,172
Fees from banking services, net	74,107	74,709	127,969	124,622
Exchange income, net	10,994	7,979	19,312	15,298
Income from FVIS financial instruments, net	2,852	4,458	12,558	6,459
Gain on sale of available for sale investments	16,002	4,907	25,804	15,610
Dividend income	5,666	10,152	11,124	12,812
Other operating income	17	21	20	5,868
Total operating income	611,436	559,131	1,211,204	1,080,841
Salaries and employee related expenses	156,540	129,649	311,844	258,977
Rent and premises related expenses	25,546	22,349	49,385	42,353
Depreciation and amortization	38,161	38,469	76,066	78,186
Other general and administrative expenses	66,519	64,658	129,220	122,743
Charge for impairment of financial assets	15,649	60,493	40,624	111,519
Total operating expenses	302,415	315,618	607,139	613,778
Net operating income	309,021	243,513	604,065	467,063
Share of loss from an associate	(1,290)	(2,052)	(3,568)	(4,194)
Net income for the period	307,731	241,461	600,497	462,869
Basic and diluted earnings per share (SAR)	0.21	0.16	0.40	0.31

The accompanying notes from 1 to 15 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 SIX MONTHS PERIOD ENDED JUNE 30

	<u>For the three months</u> <u>period ended</u>		<u>For the six months</u> <u>period ended</u>	
	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>	<u>June 30,</u> <u>2014</u>	<u>June 30,</u> <u>2013</u>
	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>	<u>SAR'000</u>
Net income for the period	307,731	241,461	600,497	462,869
Other comprehensive income to be reclassified to consolidated statement of income in subsequent periods:				
Net change in fair value of available for sale investments	18,585	(6,666)	44,076	12,289
Net gain realized on available for sale investments	(16,002)	(4,907)	(25,804)	(15,610)
Total comprehensive income for the period	310,314	229,888	618,769	459,548

The accompanying notes from 1 to 15 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 MONTHS PERIOD ENDED JUNE 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	-	-	-	-	600,497	-	600,497
Net change in fair value of available for sale investments	-	-	44,076	-	-	-	44,076
Net gain realized on available for sale investments	-	-	(25,804)	-	-	-	(25,804)
Total comprehensive income for the period	-	-	18,272	-	600,497	-	618,769
Employee share plan reserve	-	-	-	6,987	-	-	6,987
Balance at the end of the period	15,000,000	697,448	99,134	17,237	1,798,489	(154,621)	17,457,687

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	-	-	-	-	462,869	-	462,869
Net change in fair value of available for sale investments	-	-	12,289	-	-	-	12,289
Net gain realized on available for sale investments	-	-	(15,610)	-	-	-	(15,610)
Total comprehensive income for the period	-	-	(3,321)	-	462,869	-	459,548
Employee share plan reserve	-	-	-	3,192	-	-	3,192
Balance at the end of the period	15,000,000	446,259	30,463	3,192	1,801,644	(154,621)	17,126,937

The accompanying notes from 1 to 15 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 MONTHS PERIOD ENDED JUNE 30**

	Note	2014 SAR'000	2013 SAR'000
OPERATING ACTIVITIES			
Net income for the period		600,497	462,869
Adjustments to reconcile net income to net cash from / (used in) operating activities:			
Depreciation and amortization		76,066	78,186
Loss on disposal of property and equipment, net		-	2,707
Income from FVIS financial instruments, net		(12,558)	(6,459)
Dividend income		(11,124)	(12,812)
Charge for impairment of financial assets		40,624	111,519
Employee share based plan reserve		6,987	3,192
Share of loss from an associate		3,568	4,194
		704,060	643,396
Net (increase) / decrease in operating assets:			
Statutory deposit with Saudi Arabian Monetary Agency		(524,918)	(398,326)
Due from banks and other financial institutions, with original maturity of more than three months		(756,639)	1,330,934
Investments		(427,671)	(3,837,612)
Financing		(4,126,497)	(4,464,643)
Other assets		(61,433)	(368,257)
Net increase / (decrease) in operating liabilities:			
Due to banks and other financial institutions		238,521	(1,113,773)
Customers' deposits		6,213,588	4,252,510
Other liabilities		520,600	326,071
Net cash generated from / (used in) operating activities		1,779,611	(3,629,700)
INVESTING ACTIVITIES			
Acquisition of property and equipment		(83,013)	(94,215)
Proceeds from disposal of property and equipment		-	32,700
Dividends received		11,124	12,812
Net cash used in investing activities		(71,889)	(48,703)
Net increase / (decrease) in cash and cash equivalents		1,707,722	(3,678,403)
Cash and cash equivalents at the beginning of the period		6,040,732	6,865,902
Cash and cash equivalents at the end of the period	8	7,748,454	3,187,499
Income received from investments and financing		1,137,336	841,804
Return paid on time investments		91,210	68,778
Supplemental non-cash information			
Net change in fair value on available for sale investments		44,076	12,289

The accompanying notes from 1 to 15 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 SIX MONTHS PERIOD ENDED JUNE 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 (June 30, 2013: 51) 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

	June 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	June 30, 2013 (Unaudited) SAR'000
Murabahas with SAMA, (at amortized cost)	4,000,000	3,550,000	4,000,000
Available for sale investments	1,737,918	1,708,007	1,718,104
Held as FVIS investments	86,498	107,908	38,901
Investment in an associate	29,983	33,551	39,794
Total	5,854,399	5,399,466	5,796,799

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

	June 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	June 30, 2013 (Unaudited) SAR'000
Retail	11,111,879	9,386,549	8,325,257
Corporate	38,145,351	35,748,812	33,426,562
Performing financing	49,257,230	45,135,361	41,751,819
Non-performing financing	307,110	302,482	180,861
Total financing, gross	49,564,340	45,437,843	41,932,680
Allowance for impairment	(554,844)	(514,220)	(363,285)
Financing, net	49,009,496	44,923,623	41,569,395

6. Customers' deposits

	June 30, 2014 (Unaudited) SAR'000	December 31, 2013 (Audited) SAR'000	June 30, 2013 (Unaudited) SAR'000
Demand deposits	27,997,367	21,999,085	20,399,640
Customers' time investments	19,974,174	20,488,205	15,885,063
Others	1,004,670	275,333	181,419
Total	48,976,211	42,762,623	36,466,122

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:

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
	SAR'000	SAR'000	SAR'000
Letters of credit	2,237,102	1,819,022	1,157,897
Letters of guarantee	3,443,275	2,592,251	2,551,613
Acceptances	421,638	236,366	228,773
Irrevocable commitments to extend credit	1,484,643	3,145,333	1,188,544
Total	7,586,658	7,792,972	5,126,827

8. Cash and cash equivalents

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

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
	SAR'000	SAR'000	SAR'000
Cash in hand	1,354,656	987,697	900,579
Balances with SAMA excluding statutory deposit	2,068,107	1,809,158	1,276,656
Due from banks and other financial institutions with original maturity of three month or less	4,325,691	3,243,877	1,010,264
Total	7,748,454	6,040,732	3,187,499

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	June 30, 2014				
	Retail	Corporate	Treasury	Investment & brokerage	Total
Total assets	12,949,524	39,820,377	16,999,191	830,605	70,599,697
Total liabilities	33,766,299	6,577,680	12,208,703	589,328	53,142,010
Income from investments and financing, net	354,614	480,824	177,435	1,544	1,014,417
Fees from banking services and other operating income	43,602	55,897	63,535	33,753	196,787
Total operating income	398,216	536,721	240,970	35,297	1,211,204
Charge for impairment of financial assets	17,705	22,919	-	-	40,624
Depreciation and amortization	38,938	25,931	10,657	540	76,066
Other operating expenses	269,105	142,657	59,264	19,423	490,449
Total operating expenses	325,748	191,507	69,921	19,963	607,139
Net operating income	72,468	345,214	171,049	15,334	604,065
Share of loss from an associate	-	-	(3,568)	-	(3,568)
Net income for the period	72,468	345,214	167,481	15,334	600,497

SAR '000	June 30, 2013				
	Retail	Corporate	Treasury	Investment & brokerage	Total
Total assets	10,074,137	35,082,727	12,078,767	706,370	57,942,001
Total liabilities	21,092,849	7,190,832	12,107,421	423,962	40,815,064
Income from investments and financing, net	266,774	464,665	167,462	1,271	900,172
Fees from banking services and other operating income	37,787	72,913	48,491	21,478	180,669
Total operating income	304,561	537,578	215,953	22,749	1,080,841
Charge for impairment of financial assets	38,766	72,753	-	-	111,519
Depreciation and amortization	37,459	28,793	11,455	479	78,186
Other operating expenses	229,709	123,717	49,845	20,802	424,073
Total operating expenses	305,934	225,263	61,300	21,281	613,778
Net operating income / (loss)	(1,373)	312,315	154,653	1,468	467,063
Share of loss from an associate	-	-	(4,194)	-	(4,194)
Net income/(loss) for the period	(1,373)	312,315	150,459	1,468	462,869

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			
June 30, 2014	Level 1	Level 2	Level 3	Total
Financial assets held as FVIS	86,498	-	-	86,498
Financial assets held as available for sale	1,637,918	-	100,000	1,737,918
Total	1,724,416	-	100,000	1,824,416

	SAR '000			
June 30, 2013	Level 1	Level 2	Level 3	Total
Financial assets held as FVIS	38,901	-	-	38,901
Financial assets held as available for sale	1,718,104	-	-	1,718,104
Total	1,757,005	-	-	1,757,005

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	2,485,433	3,032,000
Vesting period	3 years	3-5 years
Value of shares granted (SAR)	34,796,062	39,870,800
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	1.92 years	3.75 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	
	June 30, 2014	June 30, 2013	June 30, 2014	June 30, 2013
Beginning of the period	11.5	-	2,580,654	-
Granted during the period	-	11.5	-	2,786,621
Forfeited	-	-	(95,221)	-
Exercised/expired	-	-	-	-
End of the period	11.5	11.5	2,485,433	2,786,621
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 6.987 million. (June 30, 2013: SAR 3.192 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.

	June 30, 2014 (Unaudited)	December 31, 2013 (Audited)	June 30, 2013 (Unaudited)
	SAR'000	SAR'000	SAR'000
Credit risk weighted assets	54,804,935	50,231,214	46,054,037
Operational risk weighted assets	3,834,775	3,433,374	2,919,371
Market risk weighted assets	7,191,596	6,830,683	6,417,450
Total Pillar-I Risk Weighted Assets	65,831,306	60,495,271	55,390,858
Tier I capital	17,457,687	16,831,931	17,093,282
Tier II capital	349,687	328,487	280,190
Total Tier I & II Capital	17,807,374	17,160,418	17,373,472
Capital Adequacy Ratio %			
Tier I ratio	27%	28%	31%
Tier I + Tier II ratio	27%	28%	31%

14. Basel III-Pillar III and Capital structure disclosures

Certain disclosures under Basel III are required to be published on the Bank's website. These disclosures will be made available to the public on the 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. Approval of the financial statements

These interim condensed consolidated financial statements were approved on 9 Ramadan, 1435H (corresponding to July 7, 2014).