

Notice to Shareholders



Notice is hereby given that the Sixteenth Annual General Meeting of members of Albaraka Bank Limited will be held on 22 June 2006 at the offices of Albaraka Bank, First Floor, 134 Commercial Road, Durban at 09h00 to conduct the following business:

1 Ordinary Resolutions

- 1.1 To receive and adopt the group and company annual financial statements as at 31 December 2005.
- 1.2 To elect directors in the place of the following persons, who in terms of Article 74 of the Company's Articles of Association are retiring by rotation and, being eligible, offer themselves for re-election:

Advocate AB Mahomed SC

Mr SA Randeree

Brief curriculum vitae of these directors are as follows:

Adv. AB Mahomed SC

Nationality : South African, born on 14 April 1946.

Educational Qualifications : BA LLB.

Practised as an Advocate at the Durban Bar prior to becoming a director of companies. Chairman of the board credit committee and a member of the directors' affairs committee, audit committee and risk committee.

Mr SA Randeree

Nationality : British, born on 12 March 1962.

Educational Qualifications : BA (Hons), MBA.

He is a director of companies and is currently the Chairman of the directors' affairs committee, and a member of the board credit committee and remuneration committee.

- 1.3 (a) To authorise the board of directors to determine the auditors' remuneration for the financial year ending 31 December 2006.
- (b) To approve the auditors' remuneration for the past year.
- (c) To authorise the board of directors to appoint auditors for the financial year ending 31 December 2006.
- 1.4 To renew, in terms of Section 221 of the Companies Act, 1973, the directors' authority to allot the unissued shares of the company at their discretion until the next Annual General Meeting.
- 1.5 In terms of Article 49 of the Company's Articles of Association to approve the directors' remuneration.

2 Other business

To consider such other business as may be transacted at the Annual General Meeting.

A member entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend, to speak, and on a poll, vote in his/her stead. A proxy need not be a member of the company. Proxy forms must reach the registered office of the company by not later than 48 hours before the time fixed for the meeting.

A proxy form is on a separate page included in the Annual Report.

By order of the board

Mr CT Breeds

Company secretary

Durban

17 March 2006

AAOIFI Balance Sheet

as at 31 December 2005

Consolidated statement of financial position

	Group		Company	
	2005	2004	2005	2004
	R'000	R'000	R'000	R'000
Assets				
Cash and cash equivalents	148 126	153 771	148 126	153 771
Sales receivables	739 664	593 056	739 664	593 056
Musharaka financing	265 867	240 697	265 867	240 697
Investments				
Other investments	4 731	6 002	4 731	6 002
Investment in associated company	–	921	–	500
Investment in subsidiary company			7 628	7 367
Total investments	1 158 388	994 447	1 166 016	1 001 393
Other assets	7 185	4 900	6 518	4 353
Investment property	7 137	7 106		
Plant and equipment	6 537	5 917	6 498	5 873
Total assets	1 179 247	1 012 370	1 179 032	1 011 619
Liabilities, unrestricted investment accounts and owners' equity				
Liabilities				
Savings accounts	41 103	48 700	41 103	48 700
Payables	13 413	12 355	13 379	11 849
Other liabilities	43 476	39 582	43 476	39 582
Total liabilities	97 992	100 637	97 958	100 131
Equity of unrestricted investment account holders	962 865	836 719	962 865	836 719
Total liabilities and unrestricted investment accounts	1 060 857	937 356	1 060 823	936 850
Owners' equity				
Share capital	89 325	53 400	89 325	53 400
Reserves	38 861	38 861	38 861	38 861
Accumulated losses	(9 796)	(17 247)	(9 977)	(17 492)
Total liabilities, unrestricted investment accounts and owners' equity	1 179 247	1 012 370	1 179 032	1 011 619

AAOIFI Income Statement

for the year ended 31 December 2005



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	Group		Company	
	2005 R'000	2004 R'000	2005 R'000	2004 R'000
Income from sales receivable	66 967	52 791	66 967	52 791
Income from Musharaka financing	28 730	23 930	28 730	23 930
Return on unrestricted investment accounts before the Bank's share as a mudarib	95 697	76 721	95 697	76 721
Less: banks' share as a mudarib	(38 605)	(31 467)	(38 605)	(31 467)
Return on unrestricted accounts before taxation	57 092	45 254	57 092	45 254
Banks' share in income from investment (as a mudarib and as a fund owner)	38 605	31 467	38 605	31 467
Bank's income from its own investments	499	499	499	499
Revenue from banking services	3 058	1 679	3 058	1 679
Other revenue	3 006	4 262	2 477	4 286
Total bank revenue	45 168	37 907	44 639	37 931
Administrative and general expenditure	32 823	28 240	32 321	28 125
Depreciation of equipment	2 160	2 060	2 155	2 054
Net income before taxation	10 185	7 607	10 163	7 752
Taxation	2 734	2 139	2 648	2 139
Net income for the year	7 451	5 468	7 515	5 613