

Corporate Governance



Introduction

Albaraka Bank remains committed to the principles of corporate governance, as set out in the King Report on Corporate Governance for South Africa (King II), whose purpose is to promote the highest level of corporate governance in this country.

In giving effect to these principles, the board of directors acknowledges the importance of the application of governance practices such that the substance and spirit of governance prevail over form. Good corporate governance constitutes an integral part of Albaraka Bank's business operations.

The board of directors has assessed the principles set out in King II against those statutes, regulations and other directives which regulate the conduct and business operations of the bank. The purpose of this review has been to ensure that Albaraka Bank meets, not only the most applicable of requirements, but that it also adheres to the best available practice relevant to and impacting on, its business and operating environment. The board is of the opinion that the bank has, in all material respects, complied with the requirements, as well as the spirit, of King II in terms of the year under review.

Corporate governance ethos

The board of directors remains the focal point of the bank's corporate governance system, being ultimately responsible for ensuring that good governance practices are applied consistently throughout the bank.

As part of its commitment to maintaining sound corporate governance practices, the board of directors reviews compliance with King II on a bi-annual basis. In addition, the board of directors reviews compliance with Regulation 38 (5) of the Bank's Act, which requires the board to report annually to the Registrar of Banks on the extent to which the process of corporate governance implemented by the bank successfully achieves the governance objectives determined by the board. Having conducted a review of Regulation 38 (5), the board was of the opinion that the bank had successfully achieved the governance objectives determined by the board.

Board of directors

Structure

The bank has a unitary board structure and is ultimately responsible for the performance and affairs of the bank. The functions of the chairman and the chief executive are separate, with the board comprising 12 directors, five of whom are independent non-executive directors. Of the remaining seven directors, four are non-executive, with three of the directors being executive directors, namely the chief executive, the deputy chief executive and the financial director.

In considering the independence of directors, the board takes into account the definitions of each category of directors, as set out in King II. The bank's strong contingent of independent directors ensures that independent thought is brought to board deliberations and ultimately, its decisions. Taking into account the nature of the business environment within which the bank operates, as well as the complexity and size of the business operations, the board is satisfied that it comprises an appropriate ratio of non-executive directors to executive directors. There are no shadow directors, as defined in King II. During the year under review, no new appointments were made to the board of directors.

Strategy

As the body ultimately responsible for the overall performance of the bank, the board of directors is responsible for formulating the strategic direction that the bank will pursue. The board also agrees certain financial and corporate governance objectives which are then appropriately monitored throughout the course of the year. Whilst the financial objectives are monitored through reports to the board, the corporate governance objectives are monitored by the directors' affairs committee and are subsequently reviewed by the board.

Delegation of powers

Whilst acknowledging that the board of directors bears ultimate responsibility for the bank's performance, it has established a sound governance structure comprising various board committees.

Through the operation of these committees, the board is able to retain effective control. The board committees, which are relevant to the business operations of the bank, provide the board with a focus on specialised areas of the bank's business operations.

To facilitate the day-to-day management of the bank, the board has delegated prescribed written powers of authority to the chief executive. In this way, the chief executive, together with the deputy chief executive and the financial director, are responsible for the day-to-day management of the business of the bank.

However, it is important to note that the delegation of authority from the board to board committees and management of the bank does not in any way whatsoever mitigate or dissipate the discharge by the board collectively, and the directors individually, of their duties and responsibilities.

Director training and induction

As part of the bank's induction programme, newly appointed directors are presented with a governance portfolio, which consists of information relevant to the business of the bank and the legislative environment within which it operates.

The portfolio includes key information, such as management structures, key financial reports, various policies, significant legislation and information pertaining to Basel II. In order to facilitate the induction process, directors are also introduced to key management and staff.

Given the rapidly changing legislative framework governing the banking environment, directors are informed of all new legislation and regulations, together with the most recent trends impacting upon the banking environment.

This takes place by means of regular reporting, combined with director training sessions, which precede scheduled board meetings. External consultants are also retained to provide the directors with specialist training, where deemed necessary.

The board of directors fully supports the concept of ongoing director training and development and in particular, the training programme offered through the Gordon Institute of Business Science.

A number of directors attended different modules of the training programme during the year under review and the bank will continue supporting the programme going forward.

During September 2007, a number of the bank's directors attended a training programme offered through the Gordon Institute of Business Science held in Durban, in conjunction with directors of other Durban-based banks.

Board evaluation and effectiveness

During the course of 2007, the directors completed a process of board and board committee evaluations, as recommended by the directors' affairs committee and approved by the board.

The feedback derived from this process was considered by the board, which noted the outcome thereof, together with key issues to be implemented. In addition, the performances of both the chief executive and the chairman were evaluated. As noted earlier, the board also conducts an annual assessment of corporate governance performance against pre-determined governance objectives.

Corporate Governance (Continued)



Board meetings

The board meets on a quarterly basis throughout the year, and may convene additional meetings as and when required. No additional meetings were convened during 2007.

In December 2007, the board meeting was held at the offices of the Cape Town Branch, with the strategic objective of providing the directors with exposure to the operations of a branch office.

By meeting regularly throughout the year, the board retains full and effective control over the bank and its operations whilst simultaneously monitoring executive management on the implementation of board-approved strategies.

Board meetings are scheduled annually in advance, with board documentation being distributed to directors ahead of meetings.

Through this process, the tabling of submissions at board meetings constitutes the exception, rather than the rule. Board agendas are structured in such a manner so as to achieve maximum efficiency.

In addition, information of a non-financial nature impacting on the broader spectrum of the bank's stakeholders is regularly considered by the board.

Directors are also able to place additional matters on the agenda for discussion. In keeping with King II, the board has unrestricted access to all company information, records, documents and property.

The board of directors met on four occasions during 2007, with attendance recorded as follows:

Membership and attendance: board meetings in 2007:

Member	March	June	September	December
AA Yousif (Chairman)	✓	✓	✓	✓
SA Randeree (Vice chairman)	✓	✓	✓	✓
SAE Chohan (Executive director and chief executive)	✓	✓	✓	✓
MG McLean (Executive director and deputy chief executive)	✓	✓	✓	✓
MJD Courtiade (Financial director)	✓	✓	✓	✓
Adv. AB Mahomed SC	✓	✓	✓	✓
MS Paruk	✓	✓	✓	✓
YM Paruk	✓	✓	A	✓
OA Suleiman	✓	A	✓	✓
M Youssef Baker	✓	✓	✓	✓
F Kassim	✓	✓	✓	A
A Lambat	✓	✓	✓	✓

✓ = Attendance A = Apology



Board committees

In order to assist the board in the discharge of its collective responsibilities and obligations, the board has established the credit committee, the audit committee, the risk committee, the directors' affairs committee and the remuneration committee.

From time to time, the board also makes use of ad hoc committees to address specific areas of focus. Such an example is the board property committee, which has been established to oversee the construction of the bank's new head office at Kingsmead Office Park, Durban. The board property committee, as with standing board committees, comprises a majority of independent directors.

Board committees have formal terms of reference which are subject to annual review by the board. Board committees report to the board, with their respective chairpersons providing the board with concise verbal updates as to matters emerging from the most recent board committee meetings. These, in addition to the minutes of board committee meetings, are submitted to the board of directors every quarter.

Through the implementation of such governance practices, the board acquires an understanding of the matters addressed at meetings of the various board committees.

This practice is in keeping with the principle that there should be transparency and full disclosure from the board committees to the board. In order to facilitate the process of independence, all board committees are chaired by independent directors and comprise a majority of non-executive directors.

Board committees are at liberty to seek independent, external professional advice in giving effect to their approved mandates. It is also the practice of all board members to attend the bank's Annual General Meeting and in this way, be in a position to address any issues about which shareholders may seek clarity.

The board and board committees are also assisted in the execution of their respective mandates by several management committees, which are necessary for the efficient and effective functioning of the bank. Significant management committees in this regard include, inter-alia, the executive management committee, the executive credit committee, the assets and liabilities committee, the IT steering committee, the FICA executive committee and the capital management committee.

Taking all factors into consideration, the board is of the view that the board committees have effectively discharged their responsibilities in accordance with their mandates in the year under review.

Credit committee

The role of the credit committee is to, inter-alia:

- Approve credit policies in terms of its mandate;
- Recommend to the board the credit risk policies and credit framework of the bank;
- Assess the adequacy of the bank's provisioning policy;
- Monitor the overall credit review processes of the bank, taking into account the qualitative and quantitative assessment of the credit worthiness of debtors;
- Provide guidance with regard to specific industries, geographical location and clients; and
- Review the credit risk management programme and credit procedures on an annual basis.

The credit committee met four times in the review period, with management from the credit and legal functions in attendance.





Credit committee (continued)

Membership and attendance: credit committee meetings in 2007:

Member	March	June	September	December
Adv. AB Mahomed SC (Chairman)	✓	✓	✓	✓
MS Paruk	✓	✓	✓	✓
SA Randeree	✓	✓	✓	✓
OA Suleiman	✓	A	✓	✓
SAE Chohan (Executive director and chief executive)	✓	✓	✓	✓
MG McLean (Executive director and deputy chief executive)	✓	✓	✓	✓
MJD Courtiade (Executive director and financial director)	✓	✓	✓	✓

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Audit committee

The audit committee's responsibilities cover four principal areas, namely:

- Reviewing internal control structures, including financial control, accounting systems and reporting;
- Reviewing internal audit's function;
- Liaising with external auditors; and
- Monitoring the level of the bank's compliance with its legal and statutory requirements.

Specific responsibilities include the safeguarding of the assets of the bank and ensuring that the Annual Financial Statements are accurate, complete and reliable.

The audit committee held five meetings during 2007, which, in addition to the members of the committee, were also attended by the executive directors, representatives from the internal and external auditors and the compliance officer.

In addition to the scheduled meetings, the audit committee also met with representatives of the Reserve Bank, as part of the annual audit committee function.

Membership and attendance: audit committee meetings in 2007:

Member	01 March	15 March	June	September	December
MS Paruk (Chairman)	✓	✓	✓	✓	✓
Adv. AB Mahomed SC	✓	✓	✓	✓	✓
OA Suleiman	✓	✓	A	✓	✓
M Youssef Baker	✓	✓	✓	✓	✓

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Risk committee

The role of the risk committee is to assist the board and management in identifying, managing and overseeing the risks across the bank by:

- Developing a risk mitigation strategy to ensure that the bank manages its risks in an optimal manner;
- Evaluating the adequacy and efficiency of the risk policies, procedures, practices and controls applied throughout the bank in the day-to-day management of its business; and
- Introducing such measures which will serve to enhance the adequacy and efficiency of the risk management policies and controls applied within the bank.

The risk committee met on four occasions during 2007. The meetings were also attended by representatives from internal audit, as well as the compliance officer.

Membership and attendance: risk committee meetings in 2007:

Member	March	June	September	December
YM Paruk (Chairman)	✓	✓	A	✓
Adv. AB Mahomed SC	✓	✓	✓	✓
MS Paruk	✓	✓	✓	✓
SAE Chohan (Executive director and chief executive)	✓	✓	✓	✓
MG McLean (Executive director and deputy chief executive)	✓	✓	✓	✓
MJD Courtiade (Executive director and financial director)	A	✓	✓	✓

✓ = Attendance A = Apology

Directors' affairs committee

The directors' affairs committee, established in terms of the requirements of the Bank's Act, comprises only non-executive directors as members. The role of the directors' affairs committee is to:

- Monitor the adequacy and effectiveness of the bank's corporate governance structures and practices;
- Review the composition, skills, experience and other skills required for the effective functioning of the board, particularly insofar as the appointment of new directors to the board are concerned; and
- Ensure that a board directorship continuity programme is maintained, together with the ongoing development and training of directors.

During 2007 the directors' affairs committee met on two occasions. The chief executive attended the meetings by invitation.

Membership and attendance: directors' affairs committee meetings in 2007:

Member	March	September
SA Randeree (Chairman)	✓	✓
Adv. AB Mahomed SC	✓	✓
YM Paruk	✓	A

✓ = Attendance A = Apology



Remuneration committee

The remuneration committee ensures that an appropriate balance exists between the interests of employees and those of the shareholders, such that the bank is able to attract, motivate and retain the expertise required to achieve its strategy.

In addition, the remuneration committee makes recommendations to the board of directors regarding the remuneration to be paid to directors, executive and non-executive, ensures that the bank's employment equity policy is implemented and makes recommendations to the board on matters of succession planning, performance and benefits. During the course of 2007, the remuneration committee met on three occasions.

Membership and attendance: remuneration committee meetings in 2007:

Member	January	June	December
A Lambat (Chairman)	✓	✓	✓
SA Randeree	✓	✓	✓
OA Suleiman	✓	A	✓
SAE Chohan (Executive director and chief executive)	✓	✓	✓

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Board property committee

The role of the board property committee, which is an ad hoc committee, is to oversee the construction of the bank's new head office and its subsequent relocation to Kingsmead Office Park, Durban. The board property committee is chaired by an independent director.

The board property committee met on two occasions during 2007.

Membership and attendance: board property committee meetings in 2007:

Member	March	August
MS Paruk (Chairman)	✓	✓
A Lambat	✓	A
YM Paruk	✓	✓
SA Randeree	✓	A
SAE Chohan (Executive director and chief executive)	✓	✓

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Company secretary

The company secretary provides the board, as well as individual directors, with guidance on their responsibilities and how they should be properly discharged in the best interests of the bank. The company secretary also informs the directors of the most recent best governance practices and is responsible for ensuring that board procedures are correctly adhered to. All directors have access to the services of the company secretary, whose appointment and removal is a power which resides with the board of directors.

Going concern status

Having conducted a review for the preparation of the financial statements at the year-end, the directors are of the opinion that the bank will continue operating as a going concern in the coming year. This review is repeated at the interim reporting stage.

Code of banking practice

As a member of the Banking Association of South Africa, Albaraka Bank fully supports and endorses the values and standards of fairness as set out in the Code of Banking Practice.

To ensure adherence to the Code of Banking Practice, staff members have regular training, with the compliance function being responsible for monitoring adherence to the Code of Banking Practice.

Organisational integrity

Albaraka Bank has developed a code of conduct, which records the standards of conduct required by management and staff when interacting with one another, clients, external stakeholders and regulators.

All employees receive regular briefings and updates regarding the code of conduct, so re-inforcing the bank's commitment to ethical conduct. Given the bank's stand against unethical conduct, it follows that the bank has adopted a policy of zero tolerance against offenders.

All instances of unethical behaviour are thoroughly investigated and the necessary corrective action is taken to prevent a recurrence thereof.

Financial Sector Charter

The Financial Sector Charter, which is a framework for the implementation of Black Economic Empowerment throughout the financial sector, establishes targets and responsibilities in the areas of human resource development, procurement, enterprise development, access to financial services, empowerment financing, ownership and control, and corporate social investment.

Albaraka received an "A" rating from the Financial Sector Charter Council in respect of its most recent Black Economic Empowerment performance report and remains fully committed to and supportive of the principles recorded in the Financial Sector Charter.

Integrated Sustainability Reporting



King II recommends that companies should report, at least annually, on the nature and extent of its social, transformation, ethical, safety, health and environmental management policies and practices, with the board of directors determining what is relevant for disclosure, having due regard to the particular circumstances of the company.

One of the primary mechanisms used to gauge Albaraka Bank's commitment to transformation is its compliance with the Financial Sector Charter. Whilst the objectives of the charter, which is a transformation charter as contemplated in the Broad-Based Black Economic Empowerment legislation, undoubtedly stretch far beyond mere measurements and scorecards, it is nevertheless important not to lose sight of Albaraka Bank's scoring in terms of the Charter, for which it obtained an "A" rating. A synopsis of the bank's individual Financial Sector Charter scoring is set out in the table below:

Charter category	Target points	Albaraka's score
Human resources	20	12
Procurement and enterprise development	15	11.51
Access to financial services	2	2
Empowerment financing	Exempt	Exempt
Ownership and control	22 + bonus	19 + 4
Corporate social investment	3	3
TOTAL	62	51.51

Stakeholder relationships

Albaraka Bank acknowledges the importance of all stakeholders with whom it engages, including, inter-alia, employees, clients, shareholders, regulators, suppliers and the respective communities within which it operates. The bank views its stakeholder relationships as windows of opportunity and seeks to build on these relationships, year on year.

Albaraka Bank is mindful of the need for timeous and transparent disclosure with all shareholders on matters of public interest, in so far as this may impact on the business of the bank.

From a Regulator's perspective there is a formal reporting process, whereas a variety of focused communications are used to interact with other stakeholders, ranging from press adverts, to the radio, the bank's website, interim reports, client newsletters and bulletins, as well as the more formal annual report.

Clients are also informed of Albaraka Bank's hotline in terms of which they may, in complete confidentiality and anonymity, report incidents of fraud and unethical behaviour, thereby giving effect to the bank's policy of zero-tolerance in this regard.

Shareholders are encouraged to attend the annual general meeting of the bank. A separate letter to this effect and signed by the chairman of the bank accompanies the annual report.

Employees

Albaraka Bank is totally committed to the development of its staff, who constitute the very foundation of the bank and who play a tremendously significant role in assisting the financial institution achieve its key objectives.

In order to fully empower members of staff within their respective areas of business, Albaraka Bank is dedicated to providing specialised training interventions for the benefit of its employees and the promotion of their skills development, as



indicated by the information contained in the table below:

Skills development and training	
Skills Spend 2007	R472 549
Total training hours	4 129
Average training hours per staff member	22 hours

Health and safety

Significant work has been completed in the field of occupational health and safety during the past year. Health and safety representatives have been appointed for all the regions, staff have undergone first aid training, a health and safety committee has been formed, which has met during the year under review, a dedicated sick bay has been provided at head office and a detailed review has been conducted by an external expert who has conducted a presentation to management on all matters relating to health and safety. A fair amount of work is still to be undertaken, with safety-training high on the agenda for the new financial year. Whereas emphasis has thus far been placed on implementation in Durban, roll-out to the other regions will be undertaken during the first half of the new year.

During the period under review one employee sustained minor injury, whereas no major health hazards were reported.

Verification statement by internal audit

We have conducted a limited review of the information contained in the sustainability report and are of the opinion that it fairly represents Albaraka Bank's social, transformation, ethical, safety, health and environmental management policies and practices.



Compliance



The primary function of the bank's compliance function is to monitor regulatory and reputational risk.

Regulatory risk is described as the risk that the bank could be exposed to penalties and sanctions for non-compliance with the statutory, regulatory and supervisory requirements imposed by the South African Reserve Bank and other regulatory bodies by which the bank is regulated.

Reputational risk is the risk that the bank could be exposed to negative publicity through the contravention of laws applicable to the bank.

Compliance, therefore, assists management as regards compliance with not only the letter, but also the spirit of the law and all supervisory requirements.

The compliance officer operates under authority delegated by the board in terms of a board-approved Compliance Charter and enjoys unrestricted access to the chief executive, the audit committee and the board's chairman.

Regular updates or reports concerning matters of compliance are submitted to the audit committee, the board and the South African Reserve Bank. There were no material issues of non-compliance which required reporting during the year under review.

Significant regulatory developments which impacted on the bank during the period under review included:

- **Money laundering control and combating of terrorism legislation**

The bank spent considerable time, effort and resources devising, implementing and updating appropriate policies and procedures and amendments to the system processes, along with appropriate staff training so as to comply with applicable legislation.

Although the final deadline date for client identification and verification expired on 30 September 2006, our focus on compliance issues has been maintained both by the branch staff and our dedicated head office-based Financial Intelligence Centre Act Project Team. The bank has continued utilising the Compliance Watch software in order to assist with name matching on the terrorist watch lists.

- **Financial Advisory and Intermediary Services Act (the FAIS Act).**

The bank's application to increase its categories of services offered, in terms of its existing licence, to its clients was approved.

A number of activities geared to ensuring compliance with the Act were implemented during the review period. These included:

- The identification and appointment of additional key individuals and representatives;
- The establishment of training requirements and the updating of the required register;
- The creation of the required monitoring and reporting capacity;
- A review of processes, communication, promotional and other material in order to ensure alignment with the requirements of the Act and codes of consumer protection;
- The up-skilling of members of staff so as to meet the qualification requirements of FAIS; and
- The development of the bank's FAIS policy and procedure document.

- **Code of Banking Practice**

The bank continued implementing the Code of Banking Practice throughout its branch network during the year under review. Clients were informed of their rights in terms of the code by way of posters in the various banking halls and through handbills which were distributed at each branch. The ongoing monitoring of code compliance continues through the utilisation of 'mystery shoppers'.



- **The National Credit Act**

Extensive system changes, staff training, the adaptation of documentation and legal agreements were undertaken to meet the requirements of the National Credit Act.

Possible regulatory risks were identified and are being monitored to ensure full compliance by the bank. A detailed review by external consultants is planned for 2008.

- **Home Loan and Mortgage Act**

This legislation was introduced to level the playing fields in terms of obtaining property finance by historically disenfranchised members of our society. In this regard, extensive system changes have been necessitated by the Act. Full implementation is expected to occur in 2008.



Directors' Responsibility & Secretary's Declaration



Directors' responsibility statement

The company's directors are responsible for the preparation and fair presentation of the group annual financial statements and separate parent annual financial statements, comprising the balance sheets at 31 December 2007, and the income statements, the statements of changes in equity and cash flow statements for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, and the directors' report, in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of South Africa.

The directors' responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material mis-statement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management as well as the preparation of the supplementary schedules included in these financial statements.

The directors have made an assessment of the group and company's ability to continue as a going concern and there is no reason to believe the businesses will not be going concerns in the year ahead.

The auditor is responsible for reporting on whether the group annual financial statements and separate parent annual financial statements are fairly presented in accordance with the applicable financial reporting framework.

Approval of group annual financial statements and annual financial statements

The group annual financial statements and annual financial statements were approved by the board of directors on 14 March 2008 and signed on their behalf by

Adnan Ahmed Yousif
Chairman

Shabir Chohan
Chief Executive

Secretary's declaration

The secretary certifies that the company has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, No. 61 of 1973 as amended and that all such returns are true, correct and up to date.

Colin Breeds
Company Secretary
Durban
14 March 2008

Shari'ah Report

In the name of Allah, the All Compassionate, the Most Merciful

To the shareholders of Albaraka Bank Limited

We have reviewed the principles and the contracts relating to the transactions and applications introduced by Albaraka Bank during the year under review. We have also conducted our review to form an opinion as to whether Albaraka Bank has complied with Shari'ah rules and principles and with the rulings set by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI).

Albaraka Bank's management is responsible for ensuring that the bank conducts its business in accordance with Islamic Shari'ah rules and principles. It is the Shari'ah Supervisory Board's responsibility to form an independent opinion, based on its review of the operations of Albaraka Bank, and to report to you.

We conducted our review, which included examining, on a test basis, each type of transaction, the relevant documentation and procedures adopted by the bank, including interviews with members of management. The scope of the audit included:

- Murabaha financing;
- Musharaka financing;
- Equity Murabaha transactions;
- Profit distribution; and
- Disposal of impermissible income.

We planned and performed our review so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that Albaraka Bank has not violated Islamic Shari'ah rules and principles.

In our opinion:

1. The contracts, transactions and dealings entered into by Albaraka Bank during the year under review are generally in compliance with the Shari'ah rules and principles subject to certain concerns, namely the following:
 - a) In certain cases, as a consequence of inadequate filing, relevant documents relating to Shari'ah compliance were not available at the time of the audit;
 - b) An amount of R561 007-75 representing impermissible income remains to be distributed; and
 - c) Certain miscellaneous transactions requiring rectification were drawn to the attention of management.
2. The allocation of profit relating to investment accounts conform to Islamic Shari'ah rules and principles.

We beg the Almighty to grant us all success in this World and the Hereafter.



Dr Abdus Sattar Abu Ghudda
Chairman
Durban
16 February 2008



Mahomed Shoaib Omar
Member



Mufti Shafique Jakhura
Member

Shari'ah Supervisory Board



Shari'ah supervisory board of Albaraka Bank

The Shari'ah Supervisory Board, an independent body comprising specialist jurists in Islamic commercial jurisprudence, is entrusted with the duty of directing, reviewing and supervising the activities of Albaraka Bank, ensuring that the bank complies with Shari'ah.

The board is charged with ensuring that all Shari'ah matters relating to Albaraka Bank are dealt with professionally and in accordance with standards set by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The Shari'ah Supervisory Board's rulings and resolutions are binding on the bank.

It is the responsibility of this body to undertake regular audits of transactions and to form an independent opinion, based on its reviews of the bank's operations. Albaraka Bank's Shari'ah Supervisory Board comprises:

Dr Abdus Sattar Abu Ghudda (Syrian) –

Dr Ghudda is the senior Shari'ah consultant for the Albaraka Banking Group. He is also a director of the Department of Financial Instruments at Al Baraka Investment and Development Company and is a member of the Shari'ah Supervisory Boards of several Islamic financial institutions.

He is an active member of the OIC Islamic Fiqh Academy and the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). He was responsible for research and compilation of the Encyclopaedia of Fiqh of the Kuwait Ministry of Awqaf and Islamic Affairs and is a former member of the Ministry's Fatwa Board. He has taught fiqh and Islamic studies in Kuwait and Saudi Arabia.

Dr Ghudda obtained BA degrees in Islamic Shari'ah and in Law from Damascus University. He went on to earn his MA degree in Shari'ah and hadith and his PhD in Shari'ah and comparative fiqh from Al-Azhar University in Cairo.

Mr Mahomed Shoab Omar –

Mr Omar serves as a member of the Shari'ah Supervisory Board of Albaraka Bank. He completed his LLB at the University of KwaZulu-Natal in 1979 and studied Arabic and Islamic Law under Mufti Taqi Usmani in 1982.

He was also a student of Qadhi Mujahidul Islam, the founder of the Islamic Fiqh Academy of India. He was granted the right of appearance in the High and Constitutional Courts of South Africa in 1995. He currently practices as an attorney and has written a number of books and numerous articles on Islamic law and commerce.

Mufti Shafique Ahmed Jakhura –

Mufti Jakhura serves in the Fatwa Department preparing and issuing Islamic juristic rulings at the Darul Insan Research Centre in Durban. He has established and heads the Centre for Islamic Economics and Finance SA – a non-profit organisation dedicated to increasing awareness and providing education in the fields of Islamic economics and finance.

In 2002 he completed, with distinction, the Aalimiyah Course at Madrassah Taleemuddeen, in Durban and in 2005 completed a three-year specialisation course in Islamic Jurisprudence (Fiqh and Fatwa) from Jamia Darul Uloom Karachi, under the guidance of Mufti Taqi Usmani, which culminated in the submission of a thesis on the topic of Shirkat and Mudharabat. He also has an Advanced Diploma in Islamic banking and finance from the Centre for Islamic Economics, based in Karachi.



Shari'ah supervision of the Futuregrowth Albaraka Equity Fund

The partnered Futuregrowth Albaraka Equity Fund, a general equity fund, is managed in strict accordance with Shari'ah. The fund affords opportunities for Muslim investors seeking a socially and morally responsible investment on the Johannesburg Securities Exchange.

The appointment, by the fund, of an independent Shari'ah Supervisory Board is indicative of a deep-seated commitment to both Shari'ah and Islamic economic principles.

The Shari'ah Supervisory Board comprises Mufti Justice (retired) Muhammad Taqi Usmani - Chairman, Dr Muhammad Imran Ashraf Usmani, Mahomed Shoab Omar and Mufti Zubair Bayat.

The board has appointed a local Shari'ah sub-committee, comprising Mahomed Shoab Omar and Mufti Zubair Bayat, to examine the Shari'ah compliance status of prospective companies and the core activities and financials of every company in the fund universe in order to ensure that every company complies with Shari'ah principles set by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). All investments made by the fund ensure ongoing compliance with Shari'ah board directives.

The sub-committee meets at least four times per annum to execute its mandate and to report to the Shari'ah Supervisory Board on an annual basis. The last international Shari'ah board meeting was held in June 2007.

